COLAB San Luis Obispo County

The Coalition of Labor Agriculture and Business

WEEKLY UPDATE
May 25-31, 2025

This Weeks Highlights:
Just Shy of a Billion
No Sparklers for Oceano
The Bright Ones
Death and Necessity
Oppose it Anyway!
Pot Not a Big Moneymaker

Just Shy of a Billion

The submission of the $949.5 million 2025-26 SLO County budget proposal became a long and tortureous discussion at the end of the Supervisors meeting on May 20. The staff presentation was extensive and highly detailed, offering comprehensive figures with each departmental breakout.

As the numbers continued to roll by in the powerpoint presentation, tracking what seemed reasonable verses what seemed over the top became almost impossible to distinguish. The mezmorizing presentation took the better part of an hour, and wrapped up with the numbers all coming together for a balanced budget featuring spending up by $78,156,266 (or approximatly 9%) over last years budget.

Despite the budget increases, it was stressed that it contained approximatly $38 million in cuts and eliminated 168 positions in what was described as a "rebalancing effort". Further, the cuts were designed to curtail a potential deficit of over $67 million by FY 2028-29 had the process continued as it has over the last few years.

As staff finished with their detailed presentations, public comment began. One after another, service providers, shelters, and rehab centers testified about the impact of budget cuts on their programs. Their situations were represented as dire, with a few suggesting that they would not be able to continue without some restoration of funding. Standouts included Marthas Place, Growing Grounds, CASA and ECHO.

The pleas for funding seemed to hit home. Supervisor Gibson led a discussion about the possibility of assisting some of the higher priority programs with "gap funding" sourced from the county's reserve fund. Gibson started the discussion by observing that the approximately $22 million in increased revenues that the county is anticipating seems to be all dedicated to public safety, and suggested future budgets might distribute increases in revenues differently. He then proposed establishing a gap funding program of about $1 million. Supervisor Paulding agreed, mentioning that in his estimate, homeless services were shorted by about $7 million in this budget.

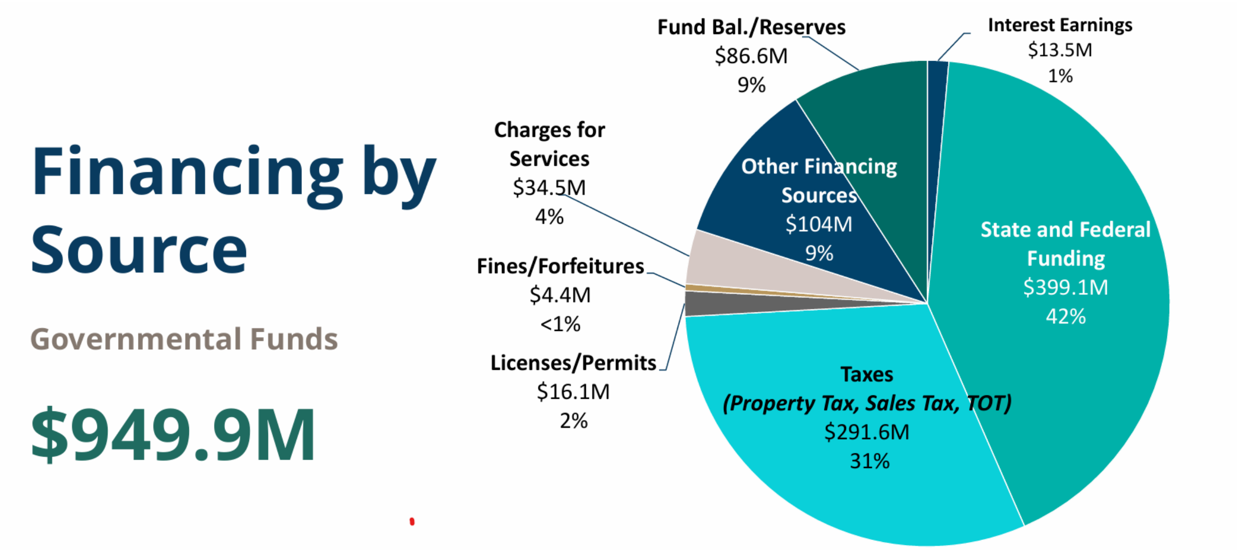
Supervisor Ortiz Legg pointed out that homeless services do have a public safety component and bounced around a figure of up to $2.5 million in gap funding out of the reserve account. She emphasized the $20 million that has been invested so far in beds and programs for homeless services, along with the 30% reduction in the homeless population in SLO County, and stressed that she didn't want to see that investment lost or programs closed. Ortiz Legg also floated the concept of a matching grant program to help get providers more connected with private funding.

Supervisor Moreno tried to bring a focus to the discussion by pointing out the reality of the situation regarding deficit spending and how continuing to spend beyond revenues would just end up costing more, resulting in deeper cuts in the long run.

Supervisor Peshong brought up the current $12 billion shortfall that the State has reported in its May Budget Revise, and mentioned that several sources peg the real shortfall at two or three times that amount. He expressed concern that revenues expected from both state and federal sources may face serious cutbacks.

The discussion wound up with a direction for staff to explore (sttrategic one time) gap funding using reserves. The amount ranged from $1million to $7 million, but seemed to hover most at $2.5 million. Staff will attempt to assemble the garbled directive and offer a preliminary report back at the June 3 meeting.

Below are three graphs and a chart that cover revenue and expendature breakdowns. The first indicates where the county gets revenue, and how much from each source. The chart offers some detail on the various tax revenue sources along with how those sources are performing. The second graph breaks down spending by category. The last graph illistrates personnel costs.



Note the 42% segment of revenue from the State. Sources report Governor Newsom has proposed eleminating funding for many homeless programs in his forthcomming state budget. Its impossible to anticipate the impact to counties.

Tax Revenue Sources

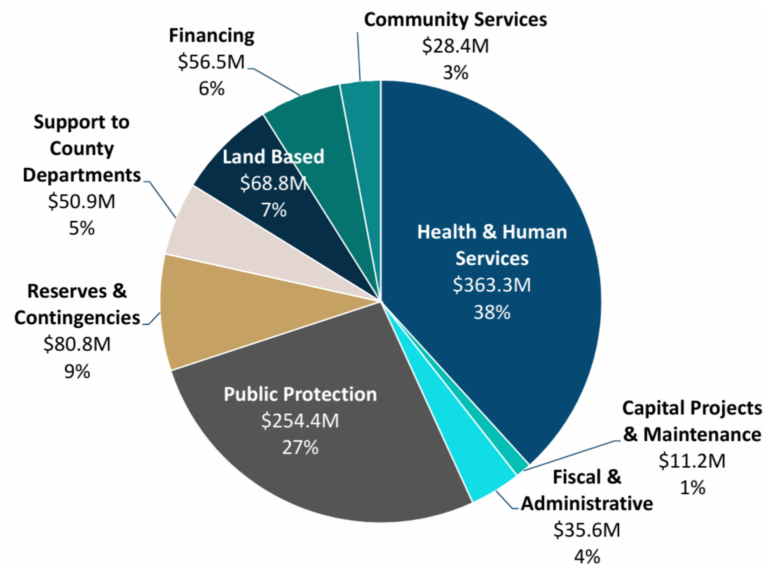
- **Property Tax** (Including Secured, Unsecured, Supplemental, and In Lieu-VLF) is increasing 5% or $10.5 million for a budgeted amount of $237 million.
- **Unitary Taxes** (the property taxes on utilities such as power plants as well as pipelines throughout the County) are decreasing 36% or $1.5 million for a budgeted amount of $2.6 million.
- **Transient Occupancy Tax (TOT)** (commonly referred to as the bed tax charged on lodging businesses) is increasing 3% or $500,000 county-wide resulting in a budgeted amount of $17 million.
- **Sales and Use Taxes** are decreasing 3% or $500,000 for a total budgeted amount of $16 million
- **Cannabis Related Business Tax** is decreasing 25% or $250,000 for a total budgeted amount of $750,000.

The Unitary Tax referenced above reflectes the reduction in value due to the short term operating license for the Diablo Canyon Nuclear Plant. A longer term license would add taxible value.

Expenditures by Service Group

Governmental Funds

$949.9M

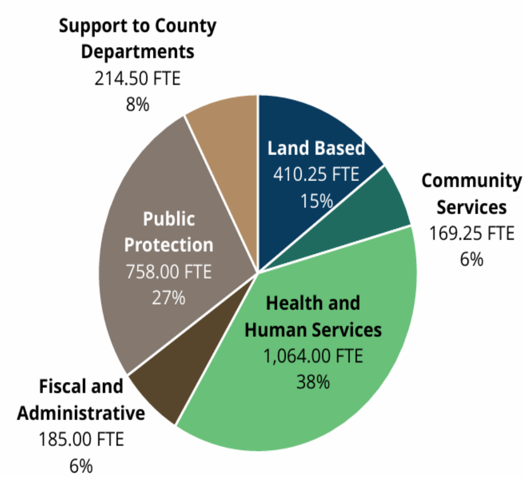


FY 2025-26 Position Allocation by Service Group

Allocated Positions (Filled and Vacant)

(*Includes Permanent and Limited Term*)

Service Group	FY 24-25 Adpt	FY 25-26 Rec	Net Change
Land Based	423.25	410.25	(13.00)
Public Protection	778.50	758.00	(20.50)
Health and Human Services	1,169.50	1,064.00	(105.50)
Community Services	173.25	169.25	(4.00)
Fiscal and Administrative	194.50	185.00	(9.50)
Support to County Departments	230.00	214.50	(15.50)
Total	**2,960.00**	**2801.00**	**(168.00)**



Next Steps

The next steps are supplemental items (if any) to be heard on June 3 at the regular BoS meeting, Budget Hearings in the BoS chambers on June 9-11 and final budget adoption in September - with any amendments due to state funding adjustments.

It was also mentioned, although not in a big way, that KPMG has been hired to audit many of the county programs for effeciency and fiscal accountability. It is possible that budgetary adjustments could be made, should duplicity, redunduntancy or lack of productivity be discovered.

A Few Lingering Questions:

What if state (and federal) funds are cut back so far that next year's budget is much more dire, or even that this year's budget falls short? How will cuts be administered?

Given the deficet situation with the state, and the dramatic cuts at the federal level, should the current budget proposal just be balanced, or should it have held back a reserve of revenues above spending in anticipation of state and/or federal cuts?

Why are so many service providers just now waking up to the economic reality that the county spends more than in can afford?

Other than the impacted constituancies, does anybody care that the SLO County budget has essentially reached a billion dollars annually?

Why doesn't the county do more to focus on and invest in economic development?

An enormous amount of staff time and reasources went ino developing this budget. Is it wise for the Board to seccond guess those efforts by stepping in with gap funding from the reserve account?

Does anybody care about dipping into the reserve account?

Would a gap funding measure require a super majority vote?

Is the gap funding concept just a set up to make the two conservative Supervisors look bad if/when they vote no on spending reserves?

As careful and thorough as this budget precess has been, will it instil confidence with the public that the Supervisors have been good stewards of taxpayer money, and will that help or hinder any future sales tax increase measures?

No Sparklers for Oceano

As reported last week, the County Fire Marshall sought to put enforcement practices in place for the countywide (excluding cities) fireworks ban. These measures include deputizing a wide variety of personnel, the posssible use of drones and $1,000 fines along with misdemeener arrests for perpitrators as well as hosts and spectators. The only pushback came from Supervisor Peshong who questioned the severity of the punishment for hosts and spectators. No mention was made of additional punishment for anybody starting fires or causing injury from the illegal use of fireworks.

Supervisor Paulding made a passionate plea for a one-year exemption for Oceano (incorrectly reported last week as Grover Beach). Oceano has allowed Safe and Sane firework sales and use for many years, and several local nonprofits have relyed on revenue from the sales. A community vote last year to shift to county services put them under the county fireworks ban, which was an unintended consequense that they are just now becoming aware of. Paulding asked that the ban be pushed off for one year for Oceano, allowing organizations to make their budgets this year, and plan for alternatives next year. Supervisor Peshong found the request reasonable, but none of their collegues agreed. Request denied with three no votes, but the enforcement proceedures were approved.

The Bright Ones

One non-controversial item on the agenda was the presentation of The Community Foundation of San Luis Obispo County Richard J.Weyhrich Leadership Scholarship Awards to local students. The recipients backgrounds and leadership traits were very impressive. We can only hope that their leadership and dedication takes us all to a brighter future.

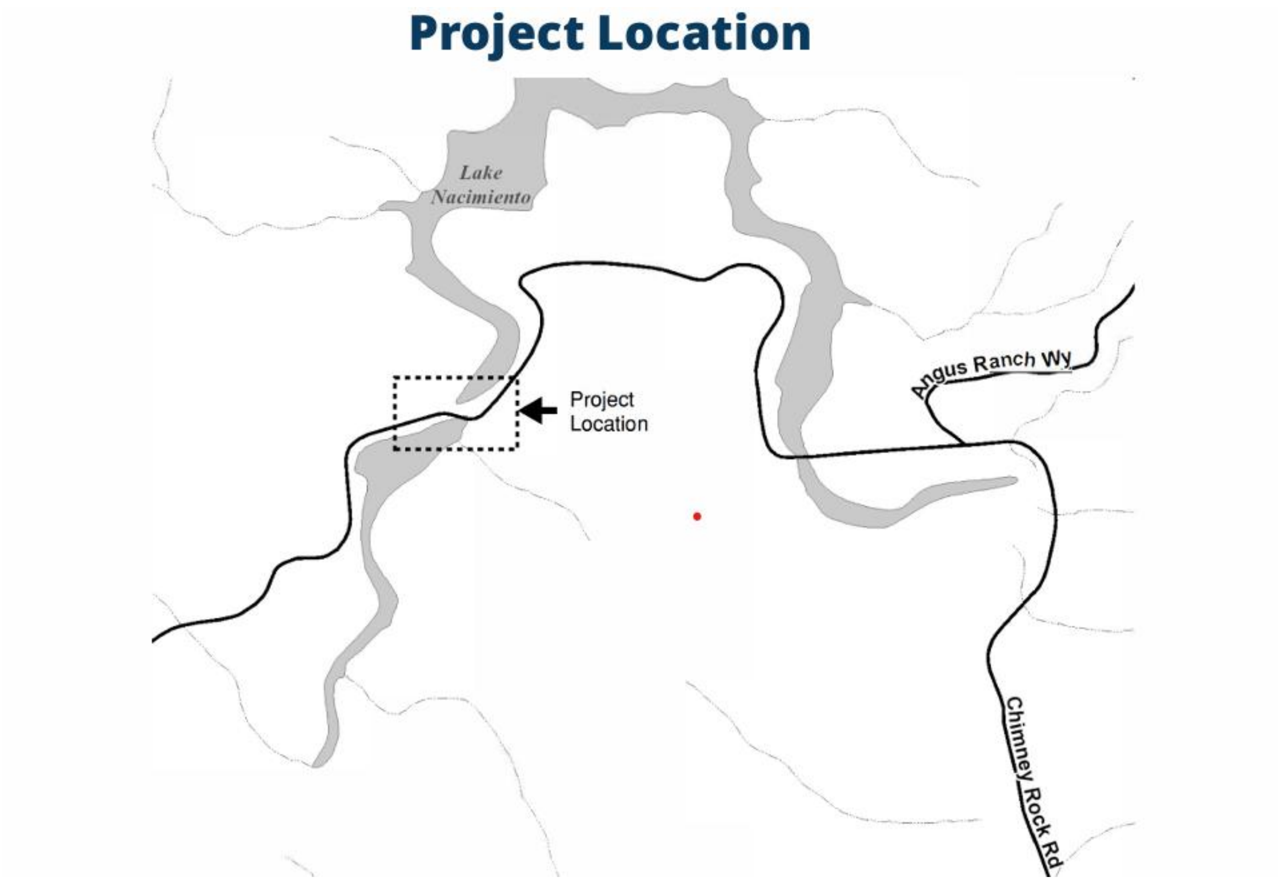
Congratulations to the following students and their families.

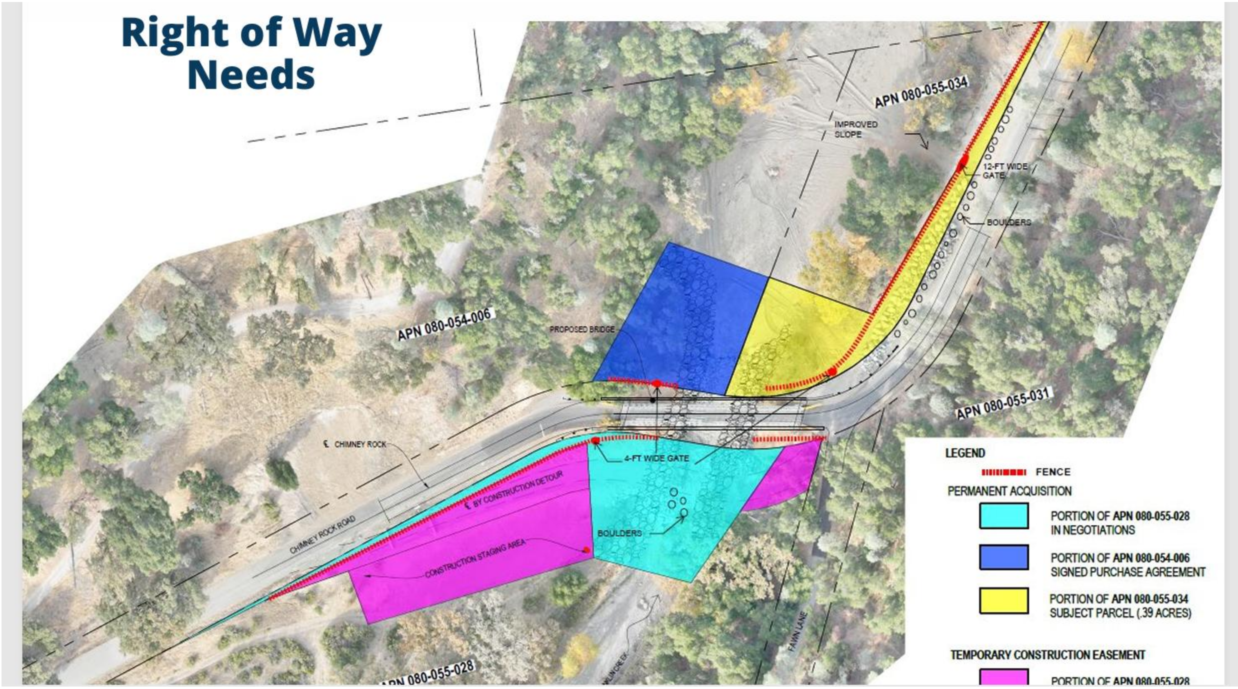
Student Name	High School Name
Nathan Robasciotti	Atascadero High School
Keani Neuhs	Templeton High School
Emily Giordano	Morro Bay High School
Brandon Nguyen	Paso Robles High School
Laura Sophia Lagattuta	Mission College Prep
Emma Reasner	Central Coast New Tech
Banyan Wentzel	Arroyo Grande High School
Eliana Garcia	San Luis Obispo High School
Sydney Mendoza	Nipomo High School

Death and Neccessity

A curious item was presented as number 25 on the agenda. It was a hearing to considder a Resolution of Neccessity to begin eminent domain proceedings for a parcel of land adjoining the Chimney Rock bridge project as illistrated in the map below. The county has obtained three out of the four parcels needed to construct the new permanent bridge.

The one remaining parcel has complications. It has 13 owners, making things a little weird. An Offer of Just Compensation to owners was made on April 11, 2025. All living property owners have stated that they support the project, however several owners are deceased, creating a “cloud” on the title. Without the signatures of all vested owners, the County is unable to acquire the needed real property interest for the project. Therefore, a Resolution of Necessity is needed to obtain possession of the property in time to construct in 2026. With the Resolution of Necessity in place, court proceedings can start for an eminent domain acquisition.





The yellow parcel is the one in question.

What is curious, but was not addressed in the presentation, is that the deceased owners must surely have heirs. No mention was made about support or willingness to sell by those heirs. Hopefully, none of the heirs causes problems. Eminent domain is a process that needs to be conducted with the upmost respect for private property rights. This is a critical part of the bridge project, and we hope it goes smoothly with all parties satisfied and treated fairly.

Oppose it Anyway!

Supervisor Gibson brought up a mention from the Trump Administration regarding the possibility of increased off-shore oil drilling along the California coast, and requested a letter of opposition from the Board. Supervisor Peshong suggested that the issue was not real, but Gibson prevailed on a 3-2 note to get a letter.

Pot not a Big Moneymaker

The final action of the Board was to vote to keep the SLO canibis tax at 6%, waiving a scheduled increase in the tax which would have raised it to 8%. It is truly amazing how real world market economics can occaisionally appear – all too briefly – when it comes to certain issues…

Last Weeks Highlights:

SLO County Budget
Singing the Trump Cut Blues
Bucks for the Bang
Just Another few $Million
Happy Trails
Third Quarter Financial Report

The San Luis Obispo County Board of Supervisors is meeting on May 20. The following are highlights of their 30 item agenda.

SLO County Budget –It's a Lot To Swallow

The biggest single item of significance before the Board of Supervisors for quite a while is the San Luis Obispo County budget, After months of speculation, the proposed budget, which is being refered to as a "rebalencing effort" will be submitted to the Board at the Tuesday, May 20 meeting. It appears to be balanced, and the cuts we all anticipated seem to have come mostly in restrained growth rather than reductions from current levels.

On June 9-11, the Board will hold budget hearings to go through a programatic review, with each department head and staff presenting and justifying their budgetary requests. This, after a "comprehensive review of all County programs across departments, assessing impacts along with performance and efficacy to our community", has already been undertaken in development of the proposal.

The surprisingly responsible and common sense process is new to our county, being ushered in by the recently appointed County Administrative Officer Matthew Pontes and newly elected County Supervisor Heather Moreno (who is a CPA).

According to Pontes, "this approach recommended a budget that adjusts the County's current spending, preventing historical recurring deficits and the need for annual departmental budget cuts". He goes on to say "The upcoming Fiscal Year marks a pivotal moment for the County of San Luis Obispo. The challenges faced during this budget cycle, marked by flattening revenues, rising service costs, and significant economic uncertainty at the state and federal levels, required difficult decisions and a comprehensive evaluation of how we allocate all our mandatory and discretionary resources. Through the launch of the Financial Rebalancing and Resilience Initiative, we have taken proactive steps to close a significant budget gap while maintaining our commitment to essential services and investments in the workforce, toward long-term fiscal sustainability."

Prior to this new approach, the County's multi-year financial forecast showed a potential $67 million budget deficit by FY 2028-29 highlighting the need for long-term structural reductions through strategic rebalancing aligned with the Board's adopted policies.

Readers should keep in mind that the current document is the starting place proposal, not the final budget. It is possible that the forthcomming budget hearings could bring about cuts (or even increases) not currently reflected in this proposal.

The final budget (after adjustments made at the June 9-11 hearings) could be presented for approval as early as the June 17 Board of Supervisors meeting.

The following charts are taken directly from the budget proposal and illistrate some of the general spending details in the document. The Recommended Budget authorizes a Governmental Funds (core government services and programs funded by specific revenue sources) spending level of $949.9 million, which is a $78.2 million increase (9%) compared to the FY 2024-25 Adopted Budget.
The document in its entirety can be found at:
https://www.slocounty.ca.gov/Departments/Administrative-Office/Forms-Documents/Budget-Documents/Current-Year-County-Special-District-Budgets.aspx

Governmental Funds Budget in Brief

	FY 2024-25 Adopted	FY 2025-26 Recommended	Change from FY 2024-25
Financing Sources			
Operating Revenues	802,345,837	863,272,751	60,926,914
Fund Balance Available	60,708,843	47,173,891	(13,534,952)
Cancelled Reserves	8,660,303	39,424,608	30,764,305
Total Financing Sources	**871,714,985**	**949,871,250**	**78,156,266**
Financing Uses			
Operating Expenditures	808,261,105	869,033,682	60,772,577
Contingencies	33,492,603	37,610,307	4,117,704
New Reserves	29,961,276	43,227,260	13,265,984
Total Financing Uses	**871,714,9845**	**949,871,250**	**78,156,266**

The General Fund (core government services) budget is recommended at $810.6 million, or approximately $53.9 million higher (7%) than the FY 2024-25 Adopted Budget. The General Fund Recommended Budget includes a 5% contingency, budgeted at $37.1 million.

General Fund Budget in Brief

	FY 2024-25 Adopted	FY 2025-26 Recommended	Change from FY 2024-25
Financing Sources			
Operating Revenues	696,767,635	733,517,653	36,750,018
Fund Balance Available	54,427,093	47,173,891	(7,253,202)
Cancelled Reserves	5,564,492	29,933,355	24,368,863
Total Financing Sources	**756,759,220**	**810,624,899**	**53,865,679**
Financing Uses			
Operating Expenditures	709,916,344	769,350,576	59,434,232
Contingencies	32,920,153	37,137,064	4,216,911
New Reserves	13,922,723	4,137,258	(9,785,465)
Total Financing Uses	**756,759,220**	**810,624,899**	**53,865,679**

Overview of Financing Sources

Following is an overview of the recommended County's Governmental Funds financing sources by major category:

Governmental Funds Financing Sources

Revenue Source	FY 2024-25 Adopted	FY 2025-26 Recommended	Change from FY 2024-25
Taxes	282,232,856	291,657,531	9,424,675
Licenses, Permits, and Franchises	15,904,306	16,108,036	203,730
Fines, Forfeitures, and Penalties	4,469,186	4,377,985	(91,201)
Revenue from Use of Money & Property	10,618,404	13,532,068	2,913,664
Intergovernmental Revenue	378,248,355	399,061,582	20,813,227
Charges for Current Services	34,364,771	34,544,597	179,826
Other Revenues	24,355,946	17,478,059	(6,877,887)
Interfund	16,918,535	21,994,943	5,076,408
Other Financing Sources	35,233,478	64,517,949	29,284,471
Fund Balance Available	60,708,843	47,173,891	(13,534,952)
Cancelled Reserves	8,660,303	39,424,608	30,764,305
Total	**871,714,985**	**949,871,250**	**78,156,266**

Overview of Expenditures

Following is an overview of the recommended County's Governmental Funds financing uses by service group:

Governmental Funds Financing Uses by Service Group

Service Group	FY 2024-25 Adopted	FY 2025-26 Recommended	Change from FY 2024-25
Land Based	70,636,506	68,837,239	-1,799,267
Public Protection	227,868,382	254,417,391	26,549,009
Health and Human Services	352,930,045	363,255,473	10,325,428
Community Services	28,771,411	28,383,593	-387,818
Fiscal and Administrative	34,067,827	35,575,984	1,508,157
Support to County Departments	48,569,098	50,859,111	2,290,013
Financing	35,186,184	56,539,833	21,353,649
Capital and Maintenance	10,231,653	11,165,058	933,405
Contingencies	33,492,603	37,610,307	4,117,704
New Reserves	29,961,277	43,227,260	13,265,984
Total	**871,714,985**	**949,871,250**	**78,156,266**

These budget figures were a result of prioritization directives from the Board of Supervisors. Below is a graph illistrating those priorities that guided staff in the preperation of this budget proposal:

Its hard to argue with the Ongoing Priorities category as long as they mean what they say. To most of us, Public Safety means law enforcement and fire services, but to some it could mean homeless services, dedicated bike lanes or even environmental regulations. Fiscal stability might mean wise spending, but it could also be higher revenue streams. Debt Service is a bit ironic seing as it's in many cases the debt they created in the first place with things like pensions that we couldn't afford.

The two tiers are where things get pretty dicey. Top of the list is homelessness, which we continue to spend enormous amounts of money to fix, while the problem worsens. Housing gets lots of attention, but is anybody at the county working hard to find ways to reduce the cost of housing? Economic Development is critical to keeping revenues up to expendature levels, but how hard is the county working on it?

The second tier is where the eyebrow raising really occurs. Resiliency and Organizational Effectiveness should go without saying. Its like making honesty or basic aptitude a priority. And how does one measure such efforts? This leaves Emergency Preparedness and Water on the second tier and there is nothing good to say about that placement.

These priorities say a lot about our Board of Supervisors. Certainly, if the politics of a couple Board Members were different, we would see a far different set of priorities, and likely a different budget with other spending priorities.

This budget document is “hot off the press” and has yet to face public scrutany. Certainly over the next month, members of the public, representatives of service organizations and recipients of county aid efforts will weigh in with specific preferences for changes that they feel are important. COLAB will take a deep dive with the details of the budget inorder to keep members apprised of the important points. In the meantime, while we question some of the Boards priorities, we salute the County for finally adopting this new accountability process – something Mike Brown urged the Board to do for many years.

Singing the “Trump Cut Blues”

A few weeks ago we reported that Supervisor Gibson requested county staff to gather and record federally funded programmatic cuts that were impacting San Luis Obispo County. He was insistent that any cut in federal funding was important to note and claimed that it would be valuable information to have in the future.

Now, Governor Newsom is blaming the $12 Billion California state budget shortfall on President Trump’s budgeting programs and what he calls the “Trump Slump”.

We know that San Luis Obispo County is experiencing a significant budget shortfall as well, so we wonder if/when Supervisor Gibson will attempt to foist blame for our local budget issues on to President Trump. This, when in fact much of our funding comes from the state.

To be sure, reduced federal funding will impact every state. The Federal government was spending far more than it could afford – just like California and just like San Luis Obispo County. Now, with reality and the heavy dose of fiscal responsibility that the new administration is bringing to the budget process, the big spenders are becoming desperate to deflect blame. Of course, the Trump administration is an ideal target for their consternation. With willing partners in the media, we can expect the blame game to kick into high gear anytime now.

You will be expected to ignore the fact that the federal government was going dangerously deep in debt (causing the recent downgrading of our nation’s credit rating). Ignore the fact that California was wasting obscene amounts of taxpayer funds on ineffective and unaccountable programs that it couldn’t afford. Imagine that San Luis Obispo County has been careful, wise and prudent in its spending of taxpayer money.

Most of all, you will be asked to take a stroll through Fiscal Fantasyland and pretend that if it wasn't for the Trump administration, everything would be just groovy, and spending could otherwise continue along on its death spiral like it has been for far too long with no implications whatsoever.

So, consider this fair warning that at least one or more of our County Supervisors will probably be singing the "Trump Cut Blues" in the Newsom Choir, and at least one of our local news outlets will likely be sympathetically providing the backup beat and dance routines all in an attempt to keep the non-thinkers from, well, thinking.

In addition to the budget proposal presentation, the Board has plenty of other business to keep it busy for what promises to be a long day.

Bucks for the Bang

As covered last week, the County is preparing to put enforcement measures in place to back up its county-wide ban on fireworks. Item 2 on the agenda seeks to approve the measures outlined in the proposal presented at the last Board meeting. This probably sounds like good news for most property owners who resent the "hold my beer" cowboys firing off illeagel rockets and explosive devises.

However, the proposed regulations reach pretty far in some cases. As an example, the fines are set at $1,000 per violation and include a misdemeaner arrest. The enforcement extends to the host of a gathering where any fireworks are used, and simply being a spectator gets you the same deal. We completely understand the need for strong enforcement, especially regarding the above mentioned practitioners. But, the regulations do not appear to distinguish between the wild party animals with seriously illegal fireworks and the family lighting off Safe and Sane sparklers (fully legal in several cities throughout SLO County) for their kids in the driveway. This is a program that is hoped to pay for its enforcement costs through fine revenue.

Some fireworks violations are serious and should be dealt with using a stiff punishment, but we shudder to think a small impact violation could garner the same punishment as a serious one, or that a spectator would be punished at the same level as the true offender. And how about piling a whole lot of hurt on anyone who causes a fire or injury due to the use of illegal fireworks?

Just Another Few $ Million for a Simple Consent Item

Item 14 is yet another mental health program expendiature similar to the one we saw at the last meeting for a little over $1 million, or the one at the meeting before that for $8.3 million. This one is for a bit over $5 million. They are similar because they involve requests for huge amounts of taxpayer money and don't seem to offer up much in the way of accountability - and they all appear on the consent calender.

These kind of programs are often mandated and frequently come with some sort of funding mechanism provided by or required by the State of California. They serve a purpose for a segment of our population that otherwise has little support, explaining the need for mandates. This leaves the County little manuvering room, but it certainly does not preclude some form of oversight or assurance that the program is functioning well and delivering good value for the many millions of dollars it receives in taxpayer funding. The measure reads:

Request to 1) approve an increase to the FY 2024-25 Institutions for Mental Disease (IMD) pool budget to increase the cumulative maximum compensation amount by $1,064,000, for a new cumulative budgeted amount not to exceed $5,077,298; 2) waive the terms of the County Contracting for Services Policy and approve a FY 2024-25 contract with California Psychiatric Transitions in a cumulative budgeted pool amount not to exceed $5,077,298, to provide residential and intensive mental health services in locked facilities called IMD beds for adults who cannot care for themselves due to their mental health disorder and/or severe substance use disorder; and 3) delegate authority to the Health Agency Director or their designee to sign any future amendments that do not increase the level of General Fund support required by the Health Agency.

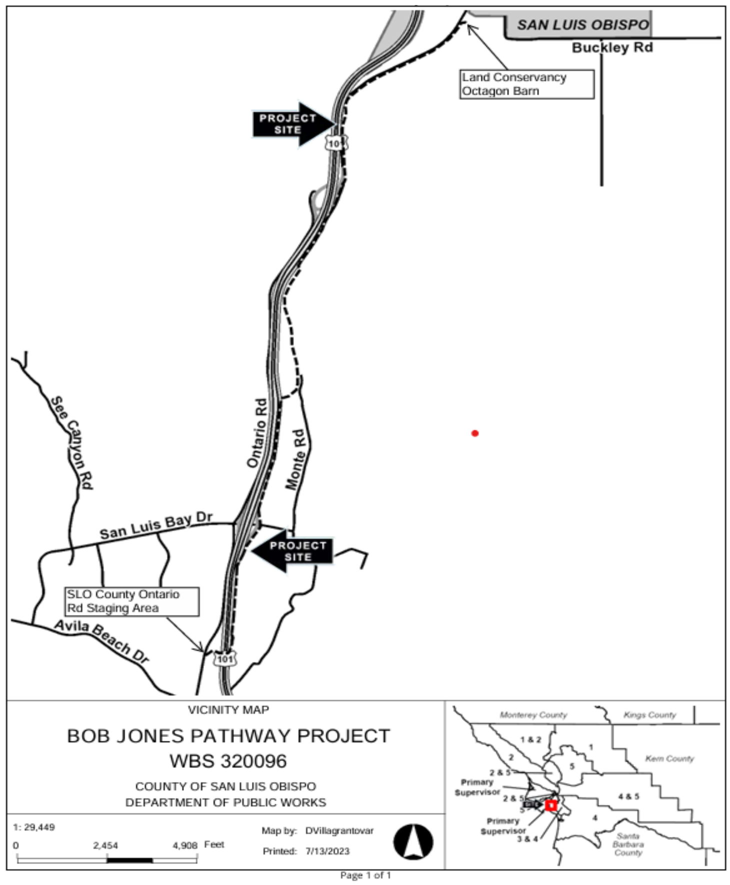
Happy Trails – An Expensive Bike Ride

Item 20 on the agenda deals with the attempt at "gap closure" on the $45 + million Bob Jones trail. The level of determination and County resources that has been dedicated to this project is seemingly unmatched by any other single endevour. If only we saw the same commitment to improving road conditions…

The measure reads:
Request to 1) accept and execute a Certificate of Acceptance for a Perpetual and 4-year Temporary Construction Easement Agreement No. 22-12.16 with Avila Pismo RV Resort & Campground, LLC in the amount of $108,000 for necessary right of way and easement access for the Bob Jones Pathway "Gap Closure" Project; and 2) authorize the Director of Public Works, or designee, to execute any

remaining escrow and payment related documents or instructions necessary to close the transactions associated with the acquisition of these real property interests.

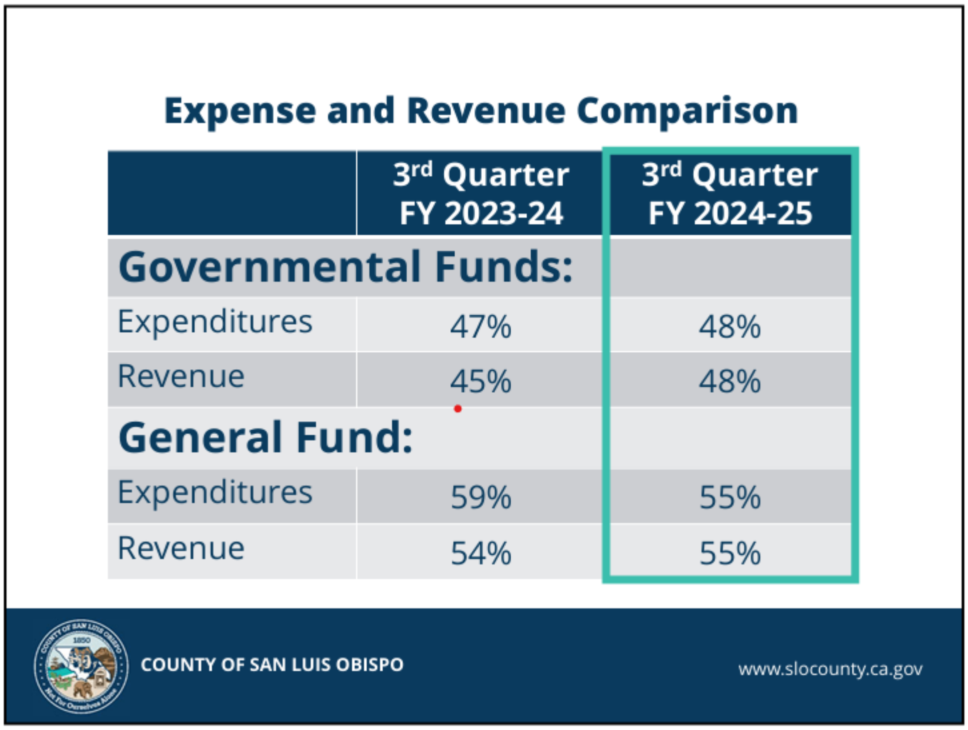
Below is the map illistrating the project location:



Third Quarter Report With Adjustments

Item 26 is the submittal of the FY 2024-25 Third Quarter Financial Status Report and request to approve various financial actions (one or more actions require 4/5 votes).

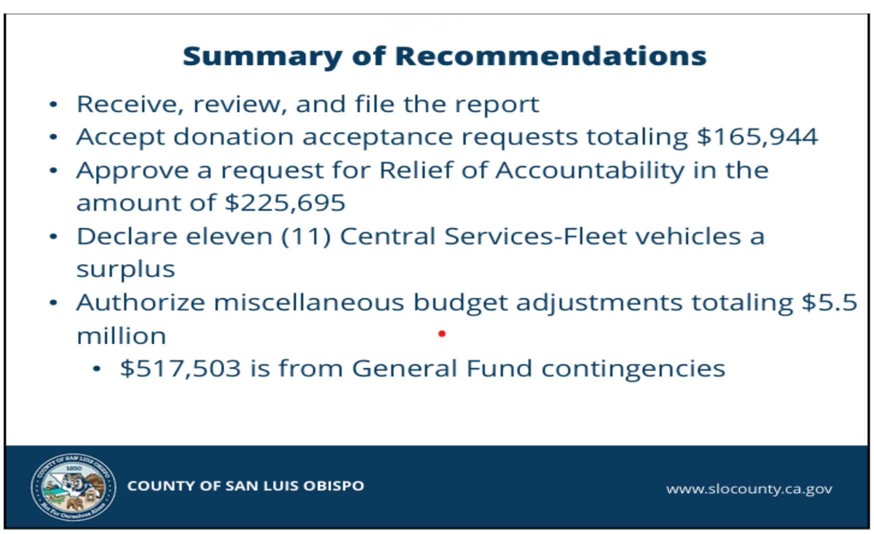
In terms of overall budgetary performance, the numbers look pretty good. The following is a graph prepared by the County Administrative Office comparing third quarter ’24-25 to last years performance over the same period.


Expense and Revenue Comparison

	3rd Quarter FY 2023-24	3rd Quarter FY 2024-25
Governmental Funds:		
Expenditures	47%	48%
Revenue	45%	48%
General Fund:		
Expenditures	59%	55%
Revenue	54%	55%

As is often the case, the devil is in the details. There are a few Notible Issues in the report, including the following: The County Court System was $257,338 over budget due to decreased fines, penalties and forfeitures. The Sheriff-Coroner was $2.7 over budget due to unbudgeted saleries and overtime. Human Services was over budget by $459,706 due to unexpected increases in insurance premiums and our Board of Supervisors was over budget by $124,610 because of unbudgeted saleries and benefits.

In all, the figures in the following graph account for all of the third quarter budget adjustments being requested by the County Administrative office:



NEXT WEEK

Mobile Rent Review Board

It may come as a surprise that such a governing body even exists in SLO County. They are meeting on Tuesday, May 27 to consider requests from two mobile park owners to raise space rents in order to cover costs. Apparently, staff have recommended denying the requests because park owners are restricted to a return on investment income of 7%. Staff also mentions that usually park owners also experience land value appreciation which enhances their return on investment. No mention about the potential for the land to stagnate or drop in value. Let this be a lesson to rental property owners throughout SLO County – rent control is already in the neighborhood, and it is not pretty!

Meeting Details:
Tuesday, May 27, 2025 at 9:00 a.m. in the
San Luis Obispo County Board of Supervisors Chambers County Government Center, Room D1701055 Monterey Street, San Luis Obispo, CA 93408

EMERGENT TRENDS - SEE PAGE 20

Newsom blames California's worsening state budget outlook on Trump's tariffs

California's governor tries — and fails — to blame the state's homelessness epidemic on someone, anyone else.in

COLAB IN DEPTH

SEE PAGE 29

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From Blackouts to Breakouts: Trump’s Energy Revolution Begins

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Newsom blames California's worsening state budget outlook on Trump's tariffs

BY DAN WALTERS
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Gov. Gavin Newsom's revised state budget assumes California will see a sharp decline in projected revenue, largely because President Donald Trump's tariffs will slow the nation's economy.

Newsom blames a “Trump slump,” as well as an unanticipated increase in spending on Medi-Cal, California’s medical program for the poor, for punching a $12 billion hole in the budget.

Both of those factors, however, underscore a consistent trend in budgets Newsom has proposed and signed during the last six years — projections of income and outgo that miss the mark, often by many billions of dollars, thus undermining the credibility of the governor’s financial depictions.

The most obvious example happened in May 2022, as the state’s economy was recovering from the brief but severe recession caused by shutdowns during the COVID-19 pandemic.

Newsom presented a revised 2022-23 budget that was $14 billion higher than his original proposal, boasting that the state was experiencing a $97.5 billion surplus. “No other state in American history has ever experienced a surplus as large as this,” Newsom said as he unveiled the revision.

The budget he signed a month later added still another $7 billion in spending with immense new commitments, including cash payments to poor families, expanded health care for undocumented immigrants and new funds for early childhood education.

The surplus Newsom extolled, however, was an illusion. He and his budget advisors had assumed that a one-time spike in state revenues would be permanent, setting a new base of personal and corporate income taxes and sales taxes well in excess of $200 billion a year.

But it didn’t happen

.A year ago, a brief passage in Newsom’s 2024-25 budget revision acknowledged the error.

“Due to the revenue spike from 2019-20 to 2021-22, the budget acts of 2021 and 2022 were based on forecasts that projected substantially greater revenues in the last two fiscal years than occurred,” the budget declared.

“Substantially greater” indeed.

An accompanying chart on revenues from the state’s three major tax sources revealed that “The total difference across the four fiscal years is a negative $165.1 billion,” meaning the error was $40 billion or more a year.

However, the fiscal damage was done. Newsom and the Legislature had already committed the state to tens of billions of dollars in new spending based on revenues that didn’t exist. They created what’s called a structural deficit — a chronic gap between income and outgo — that’s currently estimated at $10 billion to $30 billion a year.

One might think that, having made such an immense error of fiscal judgment, Newsom and his Department of Finance would be ultra-careful in projecting revenues and spending.

Apparently not.

Last year, one of those 2022 commitments based on the erroneous surplus projection — the extension of Medi-Cal coverage to everyone in the state, including undocumented immigrants — took effect. Early this year, the administration revealed Medi-Cal costs were outpacing expectations by more than $6 billion, mostly due to the coverage expansion.

In other words it’s a double whammy. The false assumption of budget surpluses has been compounded by a false assumption about Medi-Cal costs, thereby worsening the structural deficit that, if left to fester, would compound itself even more. The Legislative Analyst’s Office says the deficit could reach $42 billion by 2028-29.

The administration's sorry record on income and outgo projections should make the Legislature and the voting public very skeptical of Newsom's current assumption that the "Trump slump" from tariffs will punch an even larger hole in the budget.

That certainly could happen, but with tariffs and their impact shifting day-to-day, putting any number on the revenue impacts is nothing more than guesswork. And we already know that the administration's fiscal guesses are unreliable.

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California's governor tries — and fails — to blame the state's homelessness epidemic on someone, anyone else.

WILL SWAIM

President

Housing

May 23, 2025

Confronting yet another calamitous state budget deficit, California Governor Gavin Newsom took time last week to blast the real public enemies: Donald Trump and someone called Amy Bublak.

You know Trump. His tariffs have indeed produced volatility in the stock market, but not so much that they have affected the state's notoriously market-sensitive high-income taxpayers. But Newsom — conflating what is with what may be — declared last week that the president's "weak and reckless" tariffs have deprived the state of $16 billion in revenue. Working to establish his moderate bona fides in advance of a 2028 run for the White House, he has said that grappling with the budget crisis proves he's a moderate. "I've been, always, a hardheaded pragmatist," he told reporters.

The hardheaded pragmatist did not mention that he has increased the state's budget by 50 percent since 2018, funding an array of boutique progressive programs. His green-energy initiatives have killed the state's oil industry while jacking up the price of gasoline to the highest in the nation. He remains the state's cheerleader for a high-speed rail project that, five years after it was supposed to be completed, hasn't laid a foot of track — but has efficiently burned through $33 billion. Most recently he spent a budget-busting $10 billion to extend Medicaid benefits to illegal immigrants. He has also spent $24 billion — more than the annual budgets of 22 states — in a feckless effort to solve California's worst-in-the-nation homeless crisis.

That — homelessness — is where Amy Bublak comes in.

You probably don't know Bublak and likely haven't heard of Turlock, the Central Valley town she serves as mayor. But in the hours leading up to his horrific budget performance, Newsom seemed to have a kind of 19th nervous breakdown. Attempting to explain his high-profile failure to eliminate homelessness despite spending billions, he blamed local officials.

"As a taxpayer, not just governor, I'm not interested in funding failure anymore," Newsom told reporters. "I'm not. I won't. Time to do your job. People are dying on their watch, dying on their watch. I don't know — how do these people get reelected? Look at these encampments. They're a disgrace. They've been there years and years and years and years. I've heard that same rhetoric for years. People are dying. Kids are being born."

"It's almost as if he hasn't been either governor or lieutenant governor since 2012," observed *Red State* reporter Jen Van Laar.

Newsom's Scarlet-Faced Letter

Newsom reserved his most lethal ammo for Bublak in a letter that his office leaked to reporters. She first learned of the governor's letter from a *Politico* reporter "30 or 40 minutes before I got it in my email." Once she read it, "I thought, 'This is crazy. This man who knows nothing about homelessness is going to talk to me, of all people,'" Bublak told National Review.

Newsom told Bublak in the letter, "It is imperative that the city reconsider its priorities and demonstrate the kind of collaborative, accountable, and solution-oriented leadership this crisis demands. Enough. Do your job."

Bublak's sin — the action that brought her to the governor's attention — was her refusal to approve spending the symbolic sum of one dollar required to unlock a county homelessness grant of $267,000.

When reporters dutifully conveyer-belted the governor's letter into the state's largest news outlets, Newsom promoted their stories on X. "Truly a ridiculous lack of local leadership — an absolute moral failure," he declared. "California has invested billions to combat homelessness. In Turlock, their only shelter is at risk over a single dollar. The state has done its part. Local leaders need to step up."

Bublak explained that the state money — laundered through the county and then to We Care, a homeless shelter in Turlock — would come with no accountability.

People who live in actual homes near the We Care center have complained for months that the shelter's residents, locked out of the facility during the day, relieve themselves in the neighborhood.

"Turlock City Council requested a simple, reasonable condition: that We Care expand access to bathroom facilities 24 hours a day," Bublak said. "Despite multiple discussions where We Care appeared amenable to this condition, they refused to make the commitment. Instead, they chose to attend two council meetings and publicly attack the council majority, believing public pressure and threats would override thoughtful decision-making.

"While we respect the efforts of We Care in addressing homelessness, it became clear that a change in direction was needed," Bublak continued. "We could not, in good conscience, support a grant that did not address core community concerns or deliver greater accountability."

Bublak's assertion of her constituents' public-health concerns struck many in the media as lacking both compassion and an understanding of basic business sense. Headlines in her own hometown newspaper declared, "We Care shelter faces funding crisis as Turlock Council rejects $1 approval," "Council sucker punches Turlock's homeless population," "We need a morality check on homelessness," and "We Care may close following city council inaction."

It's unlikely that Newsom knows Bublak any better than you or I do. But like any good politician, he knows that punching down is generally risk-free. Officials in some of the state's biggest cities — including those in Los Angeles — have more pointedly, even proudly, refused direct orders from Newsom to clean up homeless camps.

But they're his political allies. Turlock is a relatively small city of 72,000 in a rural county that went for Trump over Harris by more than eleven points, and its Bublak is no ordinary California mayor.

A Brief Biography of the Mayor of Turlock, Calif.

Bublak grew up poor in Latrobe, a town of about 200 people in the Sierra Nevada foothills. "I literally went to a one-room school," she said. She arrived in Turlock as a freshman at Stanislaus State, played basketball as a walk-on, threw shot put and javelin, and completed a master's in urban government and public administration. She left to become an EMT in nearby Richmond, one of California's most dangerous cities. There, she said, she "routinely dodged bullets" to help victims. In one case, she recalls trying to resuscitate a shooting victim — until the gang members who'd gunned him down targeted Bublak and her partner. "We were providing CPR and ultimately had to load and go" — loading their patient into an ambulance and continuing CPR on the run.

Police who watched her perform under pressure suggested she'd make a great cop. She took their advice and worked in the Richmond city police department for 13 years. Her time there sounds like an extension of her studies in public administration. "Most people in my interactions were living close to poverty or on the streets — real people just doing what was necessary to survive. I knew them by name, and they were supportive of my efforts to get criminals off the street."

That experience "made this job of the mayor so much easier," she said. "You're always dealing with people who aren't going to be happy with your decisions. You're always dealing with problems and trying to solve them, and you don't put a lot of emotion into your decisions. You look at things pragmatically and don't get too excited."

Those qualities brought her to the attention of then-U.S. Attorney General Bill Barr. She's still not sure how Barr got her name. When his staff asked her to join the Presidential Commission on Law Enforcement and the Administration of Justice, "I thought there must be some mistake," she said. "I thought, 'Are you sure? Me? Turlock?' I mean, we're hardly famous."

"Hardly famous": Newsom may now wish that were still the case. His ill-advised attempt to smack around a small-town mayor has made headlines, beneath which even friendly reporters can't help mentioning Newsom's own failures on homelessness.

The 'A' Word

If Newsom hates any word more than "Trump" or "Bublak," it may be "accountability." In 2004, as San Francisco's newly elected mayor, Newsom rolled into office on a promise to end the city's stubborn homelessness problem. Speaking to the city hall press corps shortly after inauguration, he eschewed humility. He called his election "a significant day in San Francisco," one that marked the first steps toward "a goal and desire not to manage but to end homelessness. It's brilliant in its simplicity, if we have the courage to change."

Newsom's approach to homeless people was apparently neither brilliant nor simple, but it was certainly expensive. Instead of getting people sober in shelters, Newsom proposed permanent housing that included support services. By 2010, when he left the mayor's office for the lieutenant governor's job, he had spent $1.5 billion on the problem while San Francisco's homeless numbers actually climbed. In 2014, still serving as lieutenant governor, he was the only statewide official to endorse Proposition 47, the state ballot initiative that reduced many felonies to misdemeanors. Its passage created a business model for petty thieves, including people living on the streets. Homelessness sprawled.

“A lot of those that are addicted all of a sudden had an income opportunity to steal,” said Jim Palmer, then president of the Orange County Rescue Mission. “It was a way to fund addiction on an individual basis by users.”

As governor, Newsom has recapitulated his failures on a grand scale. Since his election in 2018, he has spent an eye-popping $24 billion to solve the problem. In that period, the state’s homeless population has grown 43 percent — from 130,000 homeless people in 2018 to more than 187,000 today. When state auditors said they couldn’t track the spending, frantic lawmakers rushed to Newsom’s desk a bill calling for annual audits of spending on homelessness. Newsom vetoed their proposal, saying, “I fully support efforts to increase accountability and the effectiveness of our state homelessness programs, but similar measures are already in place.”

If there is only one person to blame for the state’s homelessness crisis, it’s Newsom. And yet there was last week’s frantic press event, his almost hallucinogenic expressions of his passion and rage. It was almost as if he stood for every bewildered Californian looking for someone to blame.

“There’s no compassion in denying what the hell’s going on [on] the streets and sidewalks,” he said. Local officials are to blame, and they “need to step up. Enough of the rhetoric. I’m serious. Enough of the rhetoric. People are dying in this state. It is a disgrace. It is one of the principal reasons people are so angry. They don’t trust politicians. They don’t like what they see.”

Truer words you’ve never spoken, governor.

Will Swaim is president of the California Policy Center and co-host with David Bahnsen of National Review’s “Radio Free California” podcast.

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May 23, 2025

From Blackouts to Breakouts: Trump's Energy Revolution Begins

By Charlton Allen

When Donald J. Trump returned to the White House on January 20, 2025, he inherited a shattered energy policy—and a nation paying the price for four years of willful decline.

The American energy sector, which had once been the envy of the world, was left throttled by bureaucracy, sabotaged by ideology, and entangled in a geopolitical trap of our own making.

> **The good news?** The war on American energy is over.
>
> **The bad news?** The damage is already global.
>
> **Even worse?** American citizens—particularly working-class families and those on fixed incomes—were the immediate victims of President Biden's failed energy strategies, if you can call them strategies at all.

No decision better captures the recklessness of the Biden presidency than the now-infamous LNG export freeze. This move did more to finance Vladimir Putin's war machine than a year of Siberian oil exports—by halting new LNG terminal approvals, Biden handed Moscow an open lane to energy ascendancy.

In December 2023, over 87% of U.S. LNG exports were directed to the European Union, United Kingdom, and Asian markets, pivotal in reducing European natural gas prices by more than 83% from their 2022 peaks following Russia's invasion of Ukraine.

During the Russo-Ukrainian war, the former administration's indefinite pause disrupted global energy markets and bewildered America's European allies striving to eliminate their dependence on Russian natural gas.

European nations—desperate for stable gas supplies, particularly in the depths of winter—were forced to fall back on Russian fuel.

The result: a direct blow to transatlantic efforts to diversify energy imports and a weakening of Europe's collective resolve against Russian aggression.

In short, the Biden administration's stupefying miscalculation didn't just undermine U.S. allies—it helped feed the Russian war machine.

Europe paid Putin for the privilege—while turning to the United States for military protection from the very threat they were funding. It was a strategic absurdity that only the climate-obsessed left could defend.

The Biden Years: Ideology Over Strategy

Biden entered office under the delusion that energy is a moral problem to be solved, not a strategic asset to be wielded. He campaigned on phasing out fossil fuels and governed like a man determined to prove it.

- He killed Keystone XL on Day One of his administration, sacrificing thousands of jobs to appease eco-activists who neither drill nor deliver stable energy sources.
- He gutted federal leasing, cutting off access to vast domestic reserves.
- He weaponized the Environmental Protection Agency, throttling permits and delaying infrastructure at every turn.

He also froze LNG export approvals, a gift-wrapped concession to America's enemies disguised as a climate virtue signal.

The consequences were not confined to the pump. Inflation surged. Blackouts rolled through blue—and sometimes even red—states. American families paid more to heat their homes, fill their tanks, and cook their meals, while Chinese coal plants roared and Russian coffers swelled.

Biden didn't just shrink America's energy economy; he shrank its global influence, jeopardizing both American energy security and national security.

The Trump Reversal: Energy as a Weapon of Peace

Within days of returning to office, President Trump signed an executive order lifting the export freeze, greenlighting pending LNG applications, and signaling to the world that the era of energy appeasement is over.

It was the first step in a broader doctrine: America will produce more energy than it consumes, sell the surplus to our allies, and leave geopolitical adversaries holding the bill.

Trump understands what the permanent bureaucracy and climate aristocracy do not: energy is leverage—the kind that wins wars, shapes alliances, and determines whether nations lead or follow.

- When Europe needs gas, let them buy American.
- When Asia needs LNG, let it cross the Pacific in tankers flying the Stars and Stripes.
- When the developing world demands power, let it come from Texas and Appalachia—not Tehran or Beijing.

This is geostrategic realism that puts America's national interests and energy sovereignty first.

Energy Is Power—And Biden Gave It Away

While the left buried American oil and gas under red tape, Russia, China, and Iran understood the stakes.

- Russia used energy to finance its military and blackmail Europe.
- China cornered the market on rare earths and battery inputs.
- Iran exploited high oil prices to fund regional terror and domestic repression.

Every drilling rig shut down by Biden, every export terminal mothballed, every pipeline blocked was a strategic gift to these regimes.

The Carter Playbook—This Time, Rejected

The Biden White House resembled the Carter administration in more ways than one. Both viewed energy through a lens of scarcity and guilt. Both declared war on consumption. And both saw inflation, weakness, and dependency as regrettable but necessary byproducts of "doing the right thing."

However, Trump's second administration is no mirror of Reagan's—it is moving faster, harder, and with a more explicit mandate.

Reagan dismantled a failed philosophy. Trump is bulldozing an ideological empire that is intertwined with the green energy sector, which is at best unreliable and at worst a clear and present danger to national primacy.

The Road to Sovereignty

Trump's energy blueprint is as direct as it is a game-changer:

- Unleash drilling on federal lands and offshore reserves.
- Streamline permitting for refineries, pipelines, and LNG terminals.
- Expand nuclear, fast-tracking small modular reactors.
- End taxpayer subsidies for unreliable energy.
- Assert energy dominance in every diplomatic and trade negotiation.
- Reject the Paris Agreement and its unbalanced economic shackles—treaties that punish American workers while China and Russia gobble up global market share.

President Trump understands what the progressive left and its politicians refuse to grasp: No nation can afford to outsource its energy policy—not to global NGOs, not to UN technocrats, and certainly not to Beijing.

Trump's mandate is clear: rebuild American power by restoring American energy. The tools are in place, the reserves are proven, and the moment is now.

The Choice Ahead

The left insists the future belongs to wind, solar, and sacrifice. They are wrong.

The future belongs to nations that can fuel themselves—and their allies.

It belongs to those who are self-sufficient, not tethered to transoceanic supply chains vulnerable to disruption by calculating foes.

The future belongs to America—if it reclaims what Joe Biden gave away: the right to power its economy, project its strength, and never beg for energy again.

Under President Trump, that future is no longer hypothetical. The future is now.

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