COLAB
San Luis Obispo County
The Coalition of Labor Agriculture and Business

Weekly Update
Sept. 14 - 21, 2026

Shabby De-sal Report

Question: What do you call a feasibility study that doesn't examine all practical options?
Answer: A shabby and incomplete effort.

Item 31 on the September 1 BoS agenda read: Presentation and submittal of the Desalination Executable Solution and Logistics (DESAL) Plan Feasibility Study and recommended direction to staff to proceed on regional water supply planning and desalination opportunities.

What was delivered was a shabby and incomplete effort.

There's nothing like experiencing potential water shortages in San Luis Obispo County while we're sitting on the coastline of a huge ocean. It is just a little salt in the water that's preventing us from using ocean water to provide the irrigation and drinking water needs throughout our county. But separating the salt from the water isn't easy and it really isn't cheap. According to the "feasibility study" it isn't feasible… but is that really the case?

Water everywhere, but not a drop to drink.

This "feasibility study" explored options and locations for potential de-sal plants all along our San Luis Obispo County coastline. We take issue with the term "feasibility study" and question what the heck county staff were thinking when they presented this less-than-thorough concept. The study was done by a consultant who did the work on behalf of a large coalition of local agencies. It was presented as an all-encompassing examination of every option available in San Luis Obispo County for converting ocean water to drinking water.

But it left out a huge option – one that could make the difference between unworkable and unaffordable concepts and something that not only could work in our county but is working in other places around California.

There are a number of private companies that either provide full service or public/private partnership de-sal facilities throughout the world and here in California. One such facility is located in Carlsbad. Here are some details as supplied by the San Diego County Water Authority:

San Diego County Water Authority

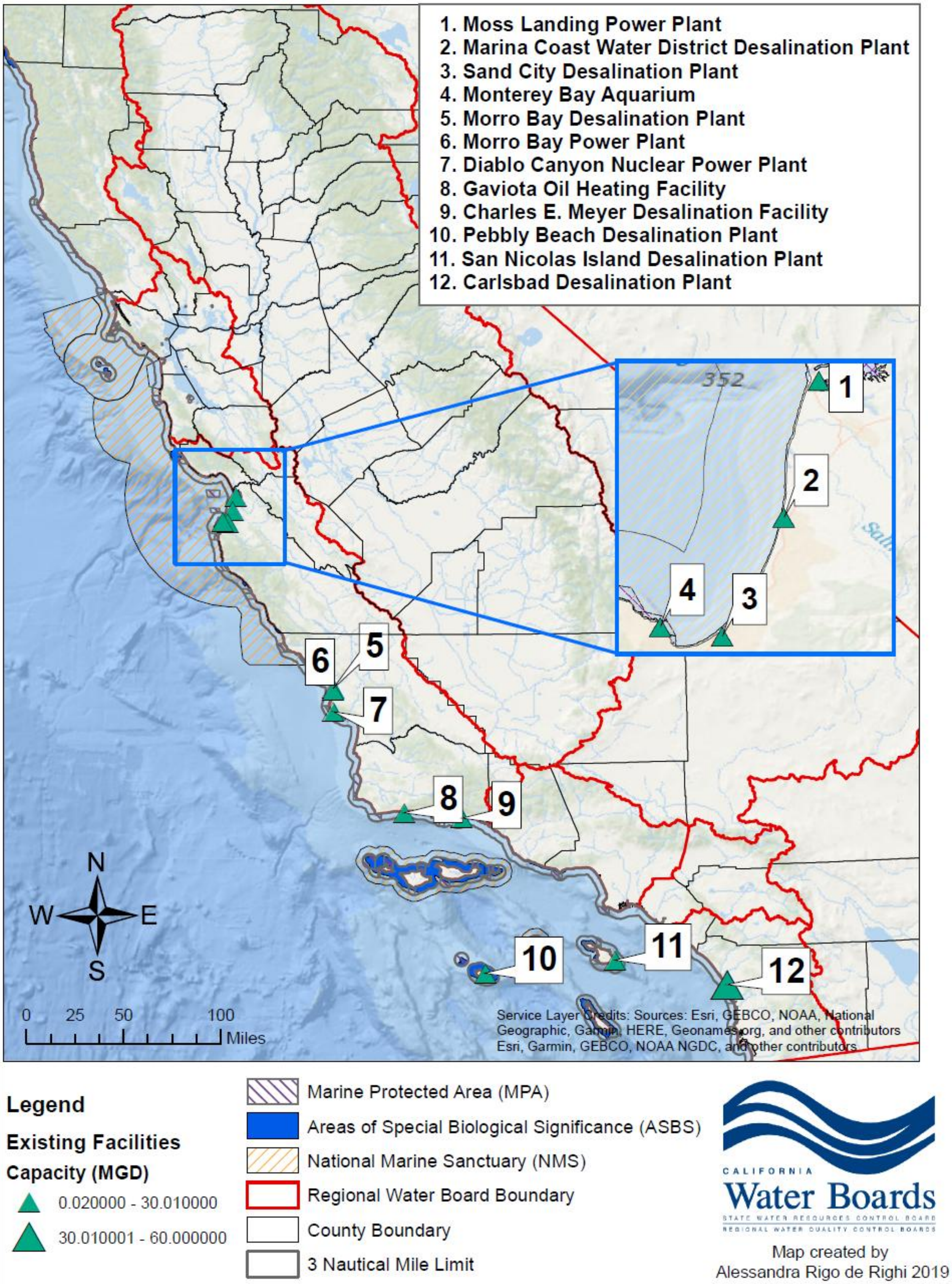
The Water Authority added desalinated seawater to its supply portfolio in 2015 with the start of commercial operations at the nation's largest seawater desalination plant – the result of a public-private partnership in the coastal town of Carlsbad.

This new, drought-proof supply reduces the region's dependence on supplies that are vulnerable to droughts, natural disasters and regulatory restrictions.

Below is a photo of the Carlsbad facility and another of the filtration system:

Below is a statewide map from the California Water Boards dated 2019 that illustrates all the de-sal units around the state. Not listed is the one in Cambria which is primarily used for recharge during drought and emergency situations but may be expanding use to provide recharge water more often. Some of the plants illustrated are not currently in use:

Existing Seawater Desalination Facilties

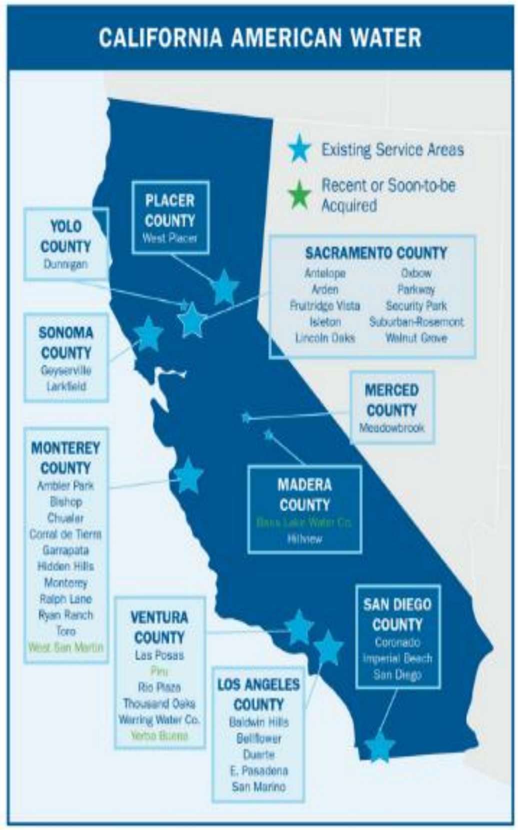


One private company that does business in our region is California American Water. We do not endorse private companies but use this one as a perfect example of what should have been included in the "Feasibility Study".

California American Water, a subsidiary of American Water (NYSE: AWK), proudly delivers on our promise of ensuring our customers have high-quality, dependable water service.

We develop specialized plans for communities to address their needs:

- **Updated Infrastructure**
- **Responsive Customer Service**
- **Reduce City Budget Pressures**
- **Smooth Staffing Transition**
- **Discounts for Low-Income Residents**



STATEWIDE FACTS

WATER CUSTOMERS: Approx. 700,000 throughout the State

EMPLOYEES: Estimated 324

ANNUAL INFRASTRUCTURE INVESTMENT: Estimated $140 million

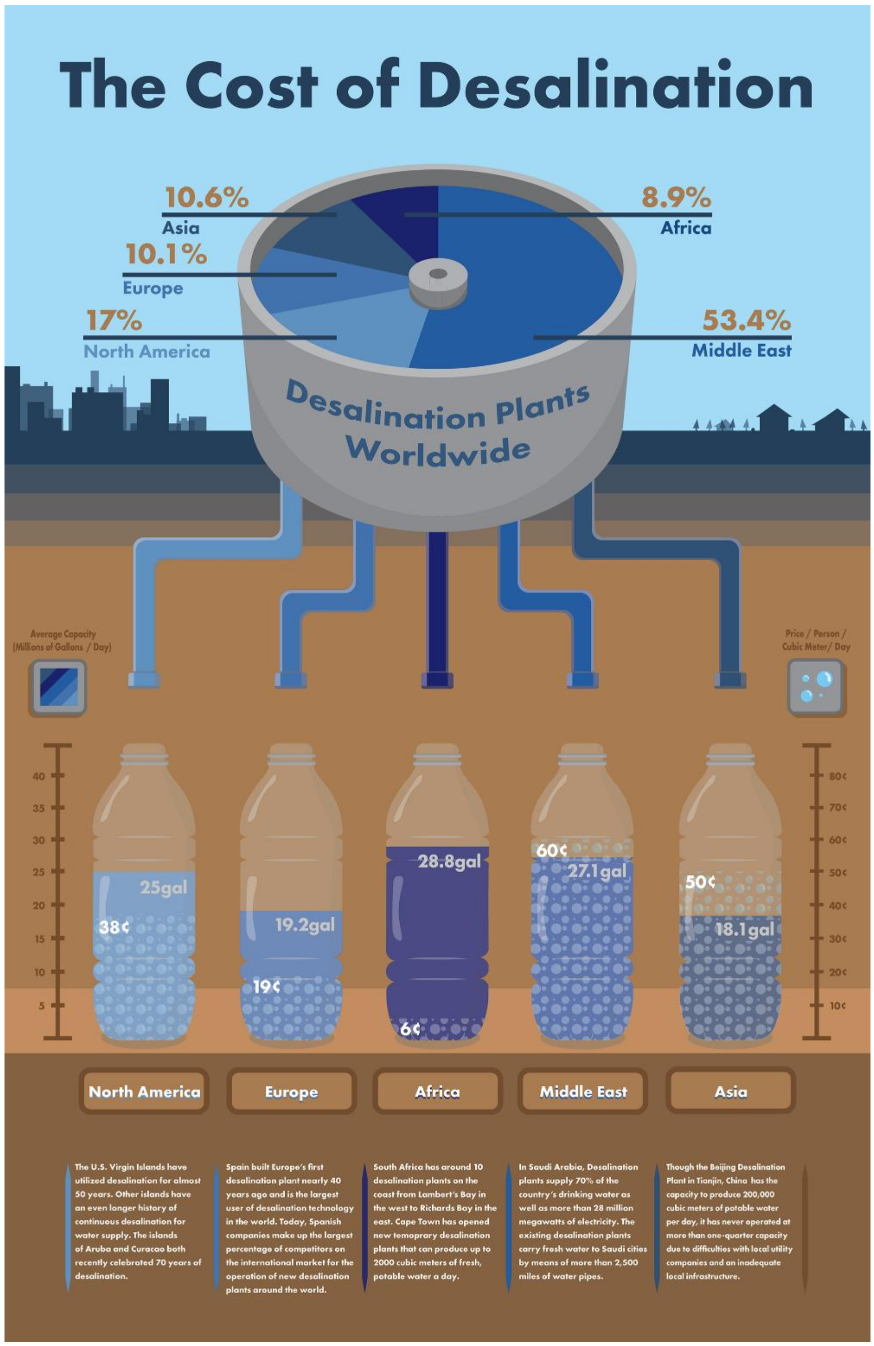
WATER STORAGE FACILITIES: Approximately 173

FEET OF PIPELINE: Estimated 13,773,265 (2,608 miles)

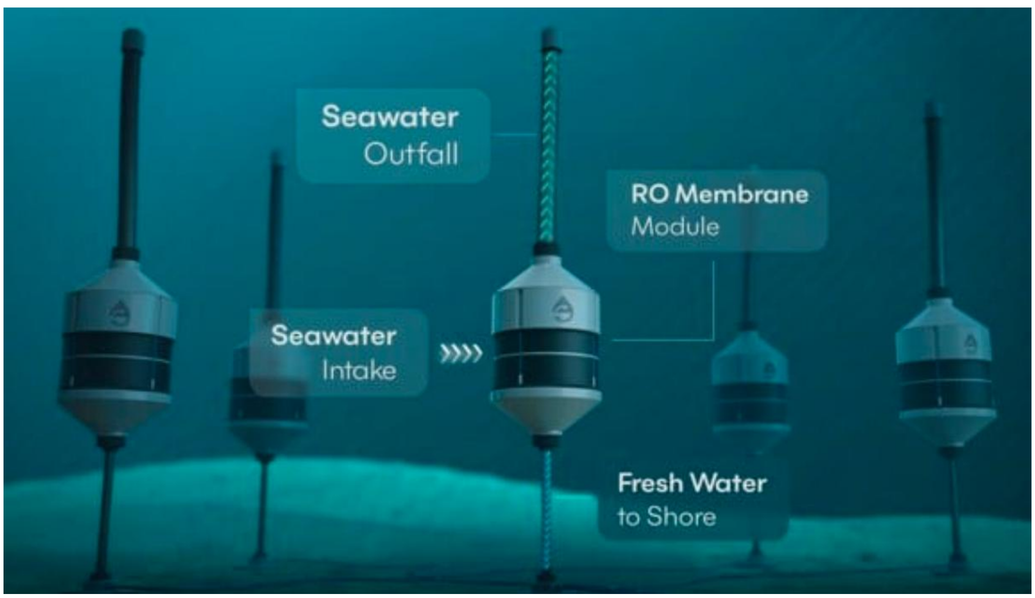
WATER QUALITY TESTING: 650 different tests on 25,000 samples annually

We understand that California American Water is currently working with Monterey County water systems to develop a public/private partnership for de-sal that is somehow viable for that community.

There are many factors that determine viability. The three biggest factors are construction costs, availability/cost of energy and the ability to transmit the water to where it is needed. Other issues that are frequently raised are: the potential damage to ocean organisms caught in the intake and what to do with the brine.



OceanWell is just one of many companies working on intake solutions. As to brine, it can be repurposed into valuable chemicals, minerals, and products — from sodium hydroxide and hydrochloric acid to sea salt, magnesium compounds, and calcium supplements — reducing waste and creating revenue streams. Of course, the brine originates from the ocean, and there are ways to return it to the ocean with little or no impact.



OceanWell's Lifesafe ocean intake system.

After this simple look at the "feasibility study" presented to the BoS, we are left wondering why public/private partnerships were completely left out. We are wondering why brine and ocean eco systems were cited as major concerns. We are wondering why the question of de-sal was seemingly dismissed with a shrug.

If public/private partnerships aren't workable for our county, there should have been an explanation as to why. If safer intake systems aren't workable here, why wasn't it mentioned? If solutions for handling brine don't work for our particular brine, why didn't we hear the details?

The cost of developing the ‘feasibility study” was not disclosed. Did taxpayers get their money’s worth?

Next week, we will take a closer look at the study and probably opine about why we suspect the report was light on some important details.

In the meantime, we encourage readers to check out this great article by one of our favorite authors, Edward Ring, who frames up the potential for de-sal nicely:

Large Scale Desalination Could Transform California | California Policy Center

Expensive Appeal

Somebody queue the dead horse - here we go again complaining about a big waste of tax dollars that nobody but Supervisor Moreno seems to care about: meritless appeals of building permits.

It costs taxpayers between $8,000 and $13,000 (of Other People’s Money) to process each permit appeal. You can't get a dog license, a restaurant permit, or even a photocopy of a public record without reimbursing the county for its expenses. But in the case of building permit appeals, the county gives completely free rides to those in the coastal zone, and they charge only $2,000 for those outside of the coastal zone.

This policy invites appeals that have really no basis but are often meant to cause trouble for those who want to build. The delay caused by the appeal is expensive and it's a hassle. In this case, the original permit was granted on April 17 of this year. The appeal deprived the builder of nearly six months, including the prime time to build over Spring and Summer.

The proposed building fills an empty lot formerly occupied by a gas station. It is a two-story structure with 3 offices on the ground floor and three one-bedroom apartments above.

The rationale from the appellants along with the staff response is listed here:

Appeal Issue 1: Neighborhood Compatibility

Appeal Assertions:

- **Community character:** Baywood identity and community standards
- **Pedestrian scale:** Estero Area Plan expectations for walkability
- **Use intensity:** Traffic, groundwater, and community growth
- **Safety:** Removal of underground gas tanks

Staff Response:

- **Frontage improvements:** Sidewalks, parkways, and additional parking is provided.
- **Traffic:** No signal is warranted.
- **Former gas station:** Removed per County approved processes.
- **Water Supply & Sustainability:** Will-Serve Letters; Retrofit requirements; compliant with Growth Management Ordinance.

Appeal Issue 2: Public Access & Parking

Appeal Assertions:

- **Event parking:** Loss of event parking.
- **Public parking reliance:** Loss of parking for nearby businesses.
- **Coastal Act §30210:** Potential public access inconsistency.

Staff Response:

- **Improved supply:** 13 total improved spaces; 7 new frontage spaces. Meets required parking.
- **Event compatibility:** Demand aligns with existing Farmer's Market permit.
- **Circulation:** Complies with walkable, pedestrian-scale policies.
- **Coastal Act consistency:** Access maintained through frontage improvements and adequate parking.

Aside from those formal complaints listed above, the appellants expressed frustration over change. They repeatedly said that they want to keep Baywood the way that it is. They like the empty lot and wish to keep it that way. However, nobody made an offer to buy the lot from the current owner. Their other assertion was that the building is "massive and unneeded" in their community. No data was offered to support that assertion.

In the end, the appeal was denied which came as no surprise considering the appeal did not support any findings of wrongdoing by the builder or the planning commission.

So, taxpayers paid between $8,000 and $13,000 to allow some NIMBYs to moan and groan and cause headaches for the completely compliant builder.

The former gas station lot will become a mixed-use building.

Here is what a NIMBY considers “massive”.

This kind of situation needs to change. At the very least, before filing an appeal, people should be well informed about what is involved with making a successful appeal and what doesn’t work. Perhaps a guide document that spells out exactly what constitutes a successful appeal, and what does not. This is especially applicable to appeals based on emotional feelings. Wanting to keep things the way they are isn’t a reason to go through an expensive hearing.

It would also be good to make sure appellants have what Supervisor Gibson often likes to call “shin in the game”. If we can’t charge them to file an appeal, perhaps we should charge them if their appeal turns out to be without merit. Even better would be some sort of renumeration to the permit applicant who has incurred extra costs due to the meritless appeal.

According to our estimation, the BoS hears over 20 appeals per year. This means that the appeal process could cost taxpayers between $150,000 and $250,000 (or more) annually. When will our BoS realize that we can't afford such indulgencies and start putting that money to a more productive use?

In Favor, Opposed or Just Lazy?

Our little zing at Senator Laird last week about Dolly Parton Day raised questions with people about what the urgency is for getting the 20-year extension for Diablo Canyon. We thought we would remind readers of a couple of the most important points.

The uncertainty about whether Diablo Canyon will continue to operate beyond 2030 is causing all kinds of problems.

To begin with, purchasing the fuel necessary for running the reactors is something that needs to be done years in advance. Since the rest of the world seems to be coming to its senses and opening up to the idea of more nuclear energy, the fuel required to run reactors is becoming scarce. If Diablo is to continue operations beyond 2030, it needs to have the fuel lined up now. PG&E is competing with other nuclear plants around our country and around the world for limited availability fuel. Naturally when anything is limited in availability, the price goes up. This means that ratepayers are going to pay a higher price for fuel. That is, of course, assuming it works out for PG&E to acquire the fuel needed.

The next really big issue is the employment base to run the plant. Nuclear generator operators are a highly skilled workforce. With uncertainty about how long Diablo will continue to function, many of the highly skilled workers are looking at opportunities in other parts of the country. Maintaining the specialists required to operate Diablo Canyon is becoming a challenge. The closer we get to 2030, the more challenging it gets. Again, ratepayers are going to be soaked by the higher salaries required to retain these key employees.

Then there's the unitary tax. When Diablo Canyon was originally slated to close in 2025, the unitary tax was zeroed out. This meant that about $22 million in tax revenues to the county and to various agencies were eliminated. Then when legislation extended operations for 5 years, it failed to reinstate that unitary tax. Apparently, PG&E has no problem paying the tax, but it has to be legislatively reestablished. The sooner we can get the 20-year extension, the sooner we can sort out the tax situation and get that revenue back into the agencies that are relying on it.

Senator John Laird

Assemblymember Dawn Addis

Senator Laird, along with Assemblymember Addis, had a full legislative year to work on these issues. Yet the year has passed, the legislature is adjourning, and we have nothing to show for it. Both Laird and Addis were very active in brokering land conservation deals between PG&E and the California Coastal Commission and they seemed to have no problem with the 20-year extension at that point last fall. But when it came time to produce legislation to extend the operations and/or to rectify the unitary tax situation, they were busy doing things like creating Dolly Parton Day.

Ballot Measure Insights

The first round in a four-part series of ballot proposition analysis on the Protecting What Matters radio show with Barry Fisher went well. Elections expert Check Bell and COLAB Executive Director Greg Haskin joined Barry for a thorough discussion of Props 40, 41 and 42. The discussions will continue in next week's program on Tuesday, September 15 at 12:30 PM on KPRL 1270 radio.

Barry Fisher, Protecting What Matters

Written analysis will begin to be featured in next week's edition of this newsletter.

We thank Barry Fisher and KPRL for bringing this information to the public and hope to provide balanced and pragmatic information that will help you determine your position on each of these important ballot measures.

COLAB
San Luis Obispo County

FALL FORUM

Wednesday, October 21st
5:30–7:30 PM

Thousand Hills Ranch
550 Thousand Hills Rd.
Pismo Beach, CA

Jon Coupal
President of HJTA

PROP 43 - KNOW WHAT WE ARE PROTECTING AND WHY

Join Jon Coupal, President of the Howard Jarvis Taxpayers Association and California's preeminent tax fighter, for a discussion on Prop 43, the "Save Prop 13" ballot measure, and the protections it would provide for California taxpayers.

BEER, LOCAL FINE WINES, AND HOT & COLD APPETIZERS WILL BE SERVED

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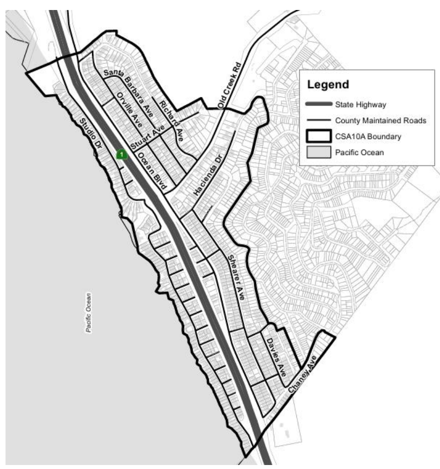
Last Week

They Just Said <u>NO!</u>

When taxpayers start paying attention to their governance and engage in the policy making process, good things happen. Such was the case with the water customers of Community Service District 10A in South Cayucos. When the county proposed a water rate increase of 36 – 54 percent (depending on how one did the math) they organized.

They examined the rationale for the increase and found many issues. They sought clarification from the county but felt the answers were insufficient. So, neighbors began speaking amongst themselves and before long, they had an opposition group formed. This led to a community wide effort that produced a substantial winning Prop 218 protest vote that rejected the rate increase.

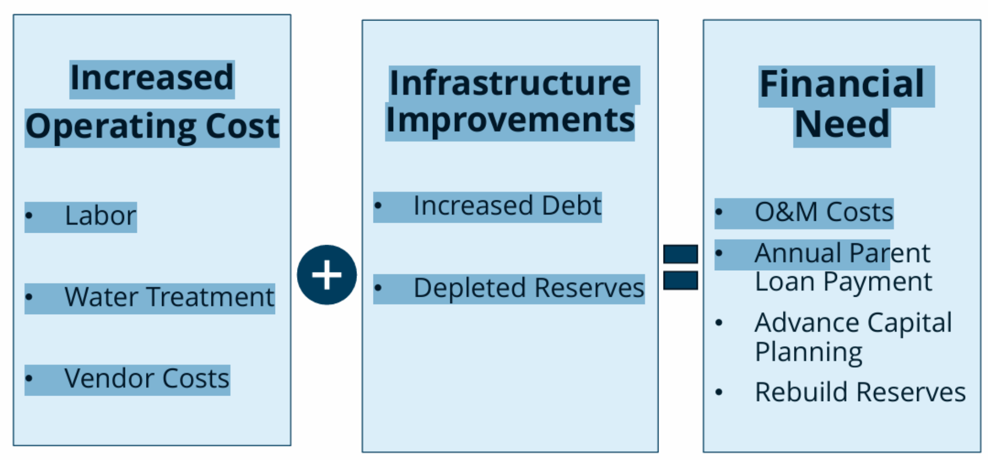


CSD 10A boundaries.

The Community Service District is made up of 880 rate payers. The protest vote was 525 rate payers, considerably more than the 441 required. Some residents questioned the total number of rate payers, suggesting that at least 90 of those were not legitimate rate payers.

Residents also pointed out that the 2 neighboring water districts, which are privately managed, do not have the same financial challenges and have much smaller monthly costs. A few serious questions were raised about the fiscal management of the district, to which answers have been in short supply.

This graphic is meant to illustrate the County's rationale for the proposed increase:



The following lays out the actual and projected cost per household:

	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rate	$217.79	$250.45	$262.97	$276.12	$289.93	$304.42
Variable	$12.07	$13.88	$14.57	$15.30	$16.07	$16.87

Bi-monthly Billing Rates
Base Rate includes up to 14 CCF of water
Variable Rate is charged per CCF, or fraction thereof, for the bi-monthly use of water over 14 CCF.
Unit = CON = CCF (Hundred Cubic Feet) = 748 gallons.

After the BoS recognized the successful 218 protest and acknowledged the outcome, Supervisor Ortiz-Legg suggested that it may be time for the district to explore different management options which might involve the company that manages the other two small water districts in the area, or some similar firm.

Cayucos – beautiful small town with big water bills.

Many of the ratepayers who attended the BoS meeting mentioned that they are seniors living on fixed incomes. Several brought up what they believed to be mismanagement practices. Next steps are unclear, but we hope that the ratepayers of 10A are able to have all of their questions answered before a new plan is explored.

Dolly but not Diablo

The state Senator representing Diablo Canyon and the northern portion of San Luis Obispo County, John Laird is so proud of his recent accomplishments that he posted a photo on Facebook.

Senators Grove and Laird are proud of their work.

He and Senator Shannon Grove co-authored an important bill designating 9/25 (September 25) as “Nine to Five Day” in honor of Dolly Parton. Too bad he couldn’t have been as productive with a bill to extend the operating permit of the Diablo Canyon Power Plant for another 20 years.

We love Dolly, but we need Diablo!

Sinking San Simeon

The residents of San Simeon are in a world of hurt. Their Community Service District is in a state of disarray. Their CSD Board has only 3 members, their roads are crumbling and their water/sewage system needs substantial investment just to remain in service.

Hotels help San Simeon, but not enough.

With only 3 board members. They have a difficult time complying with the Brown Act and often cannot do business when one member is absent. Google cites a total population of less than 300 residents and a median household income of around $55,000. Generating a tax base sufficient to repair roads, maintain streetlighting, manage a sewer system and deliver safe drinking water is impossible. The wastewater treatment facility is located next to a beach and has been ordered by the Coastal Commission to be moved to another location.

Here is a summary of their service provider challenges:

SSCSD Road Maintenance

Current Conditions

- Funded by General Property Tax Revenue
- Minimal ongoing expenditures for critical repairs
- Aging surfaces

Local Roadway Service Alternatives

- County Maintained Road System (requires capital improvements that have no current funding source)
- A CSA or other local maintenance funding instrument
- Privately funded road maintenance
- Unmaintained public roadway

SSCSD Street Lighting

Current Conditions

- Funded by General Property Tax Revenue (appx. $10k/yr)
- Lights owned & operated by PGE

Local Street Lighting Service Alternatives

- Unincorporated County – if a funding source is established
- CSA
- Discontinue service

SSCSD Water Service

Background

- Aging infrastructure beyond useful life, generally in good condition
- Reservoir replacement most critical need
- Fire flow needs not likely to be met without new water source

Service Alternatives

- Rehabilitate Existing System - ~$22M in capital improvements
- Construct Desalinization Plant - ~$36M in capital improvements

Financial Issues

- Current rates are insufficient to continue service indefinitely
- Requires new rates compliant with Prop 218 to address shortfalls

SSCSD Sewer Service

Background

- Aging infrastructure beyond useful life, generally in good condition
- California Coastal Commission permit requires relocation of the wastewater treatment plant by July 2029

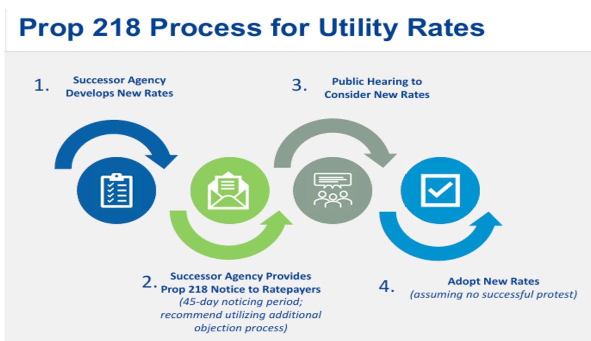
Service Alternatives

- Locally site a replacement WW Package Plant and Rehabilitate Existing System - ~$17.18M in capital improvements
- Convey to Cambria CSD Single Pump - ~$17.26M in capital improvements
- Convey to Cambria CSD Dual Pump - ~$19.99M in capital improvements

Financial Issues

- Current rates are insufficient to continue service indefinitely
- Requires new rates compliant with Prop 218 to address shortfalls

Should an effort be made to increase utility rates on residents, here is the process that it would go through under Prop 218:



However, as noted in the story above, ratepayers could protest the rate increases as those in Cayucos just did, and the CSD might end up further behind financially. One option is to find a way to join the Cambria service district. There are several physical challenges as well as procedural changes that would need to be made before such a plan could be enacted. Here are a few considerations:

Organization

- The decision regarding which agency will provide water and sewer services will drive the overall organizational structure outcome.

Funding

- Existing general property tax revenue will be subject to a negotiated property tax exchange with the jurisdiction(s) assuming the various service responsibilities.
- Sufficient utility rates will be a condition of approval for any agency to accept service provision responsibility.
- Significant utility rate increases are required under all service scenarios.

Currently, the district is getting assistance from an organization called CalWARN. Their website describes the organization as: The California Water/Wastewater Agency Response Network. CalWARN is a network of water and wastewater agencies in the state of California, helping each other to respond to and recover from disasters. WARNs all over the country do this by providing support mechanisms for coordination and cooperation before incidents occur. CalWARN is run entirely by volunteers from CalWARN signatory utilities (member agencies).

Despite the assistance from CalWARN, the district could be facing fines from the California Regional Water Quality Control Board for effluent discharge noncompliance and potentially from the Coastal Commission for doing nothing to relocate the sewage treatment facility.

One point that will be further explored is the relationship with Hearst Castle State Park. San Simenon provides considerable services to the state park, and there may be some willingness by the state to participate at a higher financial level.

Can (will) State Parks help?

Next steps are unclear. County staff who are working to assist have developed the following recommendations:

Summary of Recommendations

Recommendations Next 6-18 Months

- Continue Cal-WARN agreement with County Public Works.
- Continue operating the SSCSD throughout the LAFCO proceedings.
- Cooperatively define service structures with amenable Potential Successor Agency(PSA).
    - (County CSA, Cambria Community Services District)
- Coordinate with PSA(s) on required LAFCO submittals and the development of a Comprehensive Plan for Services.

Having the county take over the service district would be a convenient solution for San Simeon, but far too expensive for county taxpayers.
Below is a summary of the assets and liabilities that the district is facing. With an annual loss of $83,000 and total liabilities of $58,000,000, any solution will likely involve many years and plenty of frustration to put in place.

SSCSD Assets and Liabilities	
Annual Operating Revenue	
Total Annual Revenue	**$1,614,330**
Annual Operating Expense	
Total Annual Expense	**$1,697,376**
Total Net Operating Cost	**($83,046)**
Assets	**Total Value**
Total Assets	**$2,898,363**
Liabilities	**Approx. Financial Impact**
USDA Loan Balance	$416,000
Customer Capacity Deposits	$780,999
Capital Needs	
Outfall Ballast Repair Project	$150,000
Pico Stairway Project	TBD
Pipe Bridge Project	$700,000
Wastwater Treatment Plant Project	$17.2 to $20M
Water System Project	$21.9 to $36M
Total Liabilities	**$58.0 M**
Total Net Assets and Liability	**($55.1 M)**

New RHNA Numbers - More Expense?

As a measuring tool. The Regional Housing Needs Allotment (RHNA) is a useful thing. It holds jurisdictions accountable for the various types of housing that are being produced. It is a tool for local policy makers and planners to help prioritize their local housing needs and measure their progress towards those needs.

However, in reality, RHNA can be impossible due to its cookie cutter formula that doesn’t take local challenges into consideration. The California Department of

Housing and Community Development (HCD) calculates the total number of housing units needed in each region for a specific Housing Element cycle. Each city and county is mandated to adopt a Housing Element as part of its General Plan. They are required to demonstrate how they will accommodate their particular assigned RHNA allocation. The mandate includes identifying adequate sites for residential development, rezoning if necessary, and ensuring sufficient capacity for all income levels, including very low, low, moderate, and above moderate-income households.

One of the biggest problems with RHNA is figuring out how to build the low-end affordable housing requirements. Building such housing is rarely profitable and usually requires various forms of subsidy. If affordable housing is the goal, one of the ways to subsidize “affordable housing” is to charge middle- and higher-income housing projects higher fees that can be applied. However, that is just the opposite of making all housing affordable. Yet, it prevails.

Much of the above process comes down to a redistribution of wealth. Take from those who have it and give it to those who don’t. Robinhood would be proud.

Other forms of subsidies are government grants, which is just another flavor of the same poison.

The San Luis Obispo County website reports the following:

As reported to the Board in April 2026, the County is 70% through the current 10-year RHNA cycle (2019-2028) with 56% of the total housing need permitted. Table 1 shows [A] the unincorporated county’s share of housing needs by income category, [B] examples of housing types in each income category, [C] progress towards meeting those housing needs (represented in number of dwelling units permitted), and [D] the remaining number of dwelling units needed to meet those housing needs. Based on the most recent State Annual Progress Report data (CY2025), with three years left in the RHNA cycle, the unincorporated county has made substantial progress in the above-moderate income category but still has remaining housing needs in all other income categories, especially in the very low-income category (only 1% completed).

The following table illustrates the goals and progress towards those goals for San Luis Obispo County:

Income Category and Example Housing Types	Number of Dwelling Units			Percent Completed
	Total Need	Permitted (2019-2025)	Remaining Need	
Very Low-Income (<50% AMI) Guaranteed Affordable: Single-Family Dwellings, Multi-Family Dwellings	801	7	794	1%
Very Low-Income (<50% AMI) Guaranteed Affordable: Single-Family Dwellings, Multi-Family Dwellings	801	7	794	1%
Low-Income (50–80% AMI) Non-Guaranteed Affordable: Accessory Dwellings, Manufactured/Mobile Homes (2019–2024)* Guaranteed Affordable: Single-Family Attached Dwellings, Multi-Family Dwellings	505	226	279	45%

Moderate-Income (80–120% AMI)				
Non-Guaranteed Affordable: Accessory Dwellings, Manufactured/Mobile Homes (2019–2024)*	585	246	339	42%
Guaranteed Affordable: Single-Family Attached Dwellings, Multi-				
Above Moderate-Income (>120% AMI)				
Non-Guaranteed Affordable: Single-Family Dwellings, Multi-Family Dwellings, Accessory Dwellings, Manufactured/Mobile Homes (2025 onwards)*	1,365	1,336	29	98%
Total	3,256	1,815	1,441	56%

Source: CY2025 Housing Element Annual Progress Report submitted to the California Department of Housing and Community Development
*Note: Between 2019-2024, based on a County housing market study, accessory dwelling units and manufactured homes were considered affordable for low- and moderate- income households (split evenly between both categories). With the expiration of the study at the end of 2024, these housing types are now categorized as above moderate-income housing.

Among the many impractical aspects of our local RHNA is one that sticks out boldly; it anticipates rapid growth, with little evidence to support such growth projections. San Luis Obispo County population growth according to the US Census Bureau is as follows:

1990: 218,280
2000: 247,930
2010: 269,800
2020: 281,880
2025: 282,370

RHNA mandates that we plan for 3,256 new dwellings, but will our population really need that many new homes? Is this a chicken and the egg question where the answer is build it and they will come? Is there a jobs base for such a new population?

Red tape: every builder's nightmare.

One certainty that we struggle with is that government adds huge cost factors to building new homes. Permit fees, and all the other fees that go along with getting a project approved, are enormous. But subjective processes such as plan-check and unnecessarily slow building inspections also add both up-front costs as well as delay costs. And all of that is after the expensive process of regulation compliance that starts with the first plan draft and doesn't end until the home is finished. How much is necessary, and how much is just over the top bureaucracy?

Ballot Measure Info

Election law expert Chuck Bell and COLAB Executive Director Greg Haskin will be on the Protecting What Matters radio show with Barry Fisher discussing details about each statewide ballot measure. The show will take place in two segments; September 8 and 15 at 12:30 PM on KPRL.

Find out who is supporting and who is opposing each measure – and why. Learn what changes each will bring and how much they will cost.

The analysis will be published here in the COLAB Weekly Update following the two shows.

Don't miss the Fall Forum

Emergent Trends Page 30

California's Ballot Petition Racket Just Got Caught

Another California High Speed Rail Disaster: Brightline West Makes Federal Loan Bailout Request

COLAB in Depth Page 37

Wealth Disparities Are No Excuse for Marxism

Reminder: The last page of this newsletter has a membership application. Please join COLAB.

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California’s Ballot Petition Racket Just Got Caught

What prosecutors describe is petition signature fraud, identity theft wearing a civic costume

By Jay Rogers, September 11, 2026

Somewhere in Sacramento a legislative staffer is drafting a press release about "the will of the people." Down on Skid Row, the will of the people goes for two or three dollars a signature, cash, no questions asked, and you don't even need to be a registered voter. You just need to be willing to sign somebody else's name.

That is the plain reading of a federal indictment unsealed this week in Riverside against James Brass, 47, of Victorville, who goes by "Lord." Brass and two associates, Courtney Price and Jateisha Herron, are charged with pulling the identities of registered California voters from a database, then paying homeless residents of downtown Los Angeles to copy those names onto ballot initiative petitions and sign them as if they were the actual voters. Brass and Herron allegedly then signed sworn declarations claiming they had personally watched real, registered voters put pen to paper. Brass reportedly collected roughly $41,600 from a petition management company for his trouble. He was arrested Thursday morning and made his initial appearance in federal court that afternoon.

I have spent three decades in financial services, much of it as an expert witness untangling who knew what and when in fraud cases. My first reaction to this story is not outrage theater but a professional observation: this is what happens when a system rewards volume and punishes almost nothing.

Get the terminology right. What prosecutors describe is petition signature fraud, identity theft wearing a civic costume, not the separate practice known as ballot harvesting, where a designated third party collects a voter's sealed, completed mail ballot. But don't mistake that distinction for an endorsement of harvesting. California lets nearly any designated person haul in someone else's ballot. A growing list of states doesn't trust the practice at all. Alabama and Wisconsin require voters to return their own ballots, with only narrow exceptions. Arizona made third-party collection a felony in 2016, and the U.S. Supreme Court upheld that law in 2021. Georgia followed with its own felony ban. A federal court upheld Texas's ban on paid ballot harvesting this year. If ballot harvesting were the harmless civic courtesy its defenders describe, half the country wouldn't have criminalized it.

Here is why California keeps producing cases like Brass. Qualifying a statutory initiative requires 546,651 valid signatures. A constitutional amendment needs 874,641. Nobody hits those numbers with a clipboard outside the grocery store. Campaigns hire petition management companies, who subcontract to coordinators, who subcontract to circulators paid by the signature. Every link in that chain is a place to cut a corner, and a corner cut at six-figure volume gets cut a lot of times before anyone notices.

This is not an isolated actor. In May, federal prosecutors charged longtime California circulator Brenda Lee Brown Armstrong after she admitted paying Skid Row residents two to three dollars, plus cigarettes and prepaid phone cards, to register to vote and sign petitions, something she had done off and on for two decades. She pleaded guilty in June. Now Brass. Two federal cases out of the same three-block radius in a single year is not bad luck. It's a business model.

The other side will tell you this sort of thing barely happens, that "voter fraud" is a talking point, not a pattern. Two federal indictments from the same neighborhood in four months say otherwise. It's the same story we've watched for years with stolen Social Security numbers used to secure jobs for people not authorized to hold them: real identities, quietly borrowed, doing work the actual owner never agreed to, discovered only when someone finally goes looking. Nobody would call that a coincidence in immigration enforcement. It isn't one here either, and the pattern keeps surfacing in the same handful of blue-state cities.

To be fair, neither case proves a specific initiative sponsor knew about or directed the fraud. Federal authorities have not named the measure Brass was allegedly working to qualify, and the government built its case around circulators, not campaigns. It's possible the sponsor here is a victim of its own subcontractor too.

But that defense is the design flaw. Everyone at the top can claim ignorance, because the sponsor hired a company, who hired a coordinator, who hired Brass, and Brass hired people with every reason to take three dollars and not ask questions. Registrars catch invalid signatures after the petition is filed and the "grassroots momentum" headlines already ran.

California licenses hairstylists, manicurists, and used car dealers. It regulates nearly every trade that touches the public. Petition circulation, which touches the state constitution itself, gets none of that scrutiny. License and bond circulators and coordinators the way we license contractors, with a record that follows them from job to job. Hold sponsoring campaigns jointly liable for fraud in their subcontracting chain, the way a general contractor answers for a subcontractor who steals copper pipe. Flag statistically anomalous signature batches for automatic referral instead of a quiet rejection letter. Stop paying circulators strictly by the signature. And restrict who gets to return someone else's ballot to family, household members, and caregivers, the way most states that still permit any collection at all already do.

Reagan liked to say trust but verify. California's initiative system manages neither half of that sentence. It trusts blindly on the front end and verifies badly, and late, on the back end, which is how the FBI ends up arresting a man who goes by "Lord" for running a forgery operation out of one of the poorest zip codes in America. Self-government rests on the premise that the people asked for this. When the people supposedly asking turn out to be homeless men and women paid a few dollars a name, that premise collapses, and so does anyone's claim that the resulting law reflects the will of anybody at all.

Jay Rogers
Jay Rogers is a financial professional with more than 30 years of experience in private equity, private credit, hedge funds, and wealth management. He has a BS from Northeastern University and has completed postgraduate studies at UCLA, UPENN, and Harvard. He writes about issues in finance, constitutional law, national security, human nature, and public policy.

Another California High Speed Rail Disaster: Brightline West Makes Federal Loan Bailout Request

The private venture market has effectively declined to fully fund this project, and now taxpayers are being asked to fill the gap the market would not

By Katy Grimes, September 9, 2026

California's perpetually incomplete high-speed rail project has no operational trains and no high-speed track laid on the actual alignment, as of August 2026. Gov. Gavin Newsom has blown $18 billion on the High Speed Rail and the project is about to run out of money, the Globe reported in "Gavin's High Speed Rail Disaster in August." So the governor replaced the prior variable 25% share of Cap-and-Trade auction proceeds, which were set to expire in 2030, with a set $1 billion per year for

high-speed rail starting in FY 2026-27 in the 2026-27 California budget, after the loss of roughly $4 billion in federal grants in 2025.
California's High-Speed Rail boondoggle, voter approved in 2008 for a San Francisco to Los Angeles line, has been whittled down to a Merced-to-Bakersfield line, is now estimated to cost taxpayers more than $231 billion, up from its original $33.5 billion price tag when voters passed Proposition 1A.

It is 2026, eighteen years later, and still there are NO trains running and the project is bankrupt.

But wait – there's more!
There is another failing California high-speed rail project, this one is to connect the suburb community of Rancho Cucamonga, CA to Las Vegas, NV, known as Brightline West.

Brightline West has been working under a series of financing deadlines tied to its existing bonds. Bondholders agreed in early August 2026 to push the Equity Contribution Condition Deadline from August 1 to September 10, 2026. That extension gave the company extra time to raise at least $400 million in additional equity (part of an earlier commitment) and to continue lining up the rest of its capital.

In 2025, the Globe reported that the Brightline West Rail Project unveiled higher than anticipated estimate ticket prices. But that was just the tip of the spear. Tickets were increasing to $119 for standard class and $133 for premium class one-way tickets. Before taxes, a bare bones, no parking included, round-trip ticket was going to cost a minimum of $238.
When you can fly from Ontario to Las Vegas for $66, why take an expensive train?

In October 2025, the U.S. Department of Transportation revealed that Brightline West submitted an unprecedented $6 billion federal taxpayer loan request to salvage the financially distressed project.

As with California's High Speed boondoggle, Brightline construction costs have nearly tripled from original estimates, and the parent Brightline company's inability to pay interest as recently as November 2025 on $1.2 billion in Brightline Florida bonds led S&P Global Ratings & Fitch Ratings to downgrade much of Brightline's debt to 'junk' status, Bondbuyer reported.
An April 30 Ernst & Young audit revealed that Brightline is $5.5 billion in debt, "does not currently have the liquid funds necessary to service its debt and meet such other obligations as they become due," and may be bankrupt by mid-June. The

auditors also flagged "substantial doubt" about its ability to continue as a going concern, Bondbuyer reported.
The audacious scale of this federal bailout request is unprecedented, as the largest-ever Railroad Rehabilitation & Improvement Financing (RIFF) loans ever previously approved were only for existing rail systems requiring rehabilitation and improvement, John Sitilides told the Globe. Sitilides is federal affairs advisor to ReRoute the Route, ReRoute the Route, a Texas business and civic coalition opposed to federal subsidies for the proposed Dallas to Houston high-speed rail project. Those were for three aggregate RRIF loans made in July 2024 totaling $4.06 billion to rehabilitate and expand the Hudson Tunnel Project between New York and New Jersey, and the $2.45 billion loan approved in 2016 to Amtrak to improve the Northeast Corridor and purchase 28 new Acela trainsets.

No other Railroad Rehabilitation & Improvement Financing loan has ever exceeded $1 billion, yet Brightline is requesting a $6 billion loan for a project not yet under construction and years away from a hoped-for completion. Brightline launched the project in 2020 as an $8 billion "private venture" with a projected completion within four years. At the time of launch, Brightline struggled to secure investors willing to purchase an initial $3.2 billion in bonds, due to institutional skepticism that the projected construction costs were unrealistically low and could not be covered by overly ambitious projected revenues.

"The Biden Administration sought to salvage the project in two tranches. In January 2024, the Department of Transportation approved $2.5 billion of private activity bonds for the project, and in September 2024, Transportation Secretary Pete Buttigieg approved a $3 billion grant request," Sitilides said. "The project's original $8 billion costs have escalated dramatically to $21.5 billion, nearly tripling in just five years, due to rising construction expenses, labor shortages, and materials inflation. These challenges have strained funding sources, delayed timelines, and raised doubts about the project's long-term viability and revenue projections."

Its other project, Brightline Florida, has failed to meet revenue projections, has never turned a profit, and used financial reserves to cover interest payments. That's why credit agencies downgraded Brightline's debt to CCC- "deep junk" status and now warn of the company's possible 2027 default.

Brightline Florida's 2025 revenue was about $214 million—roughly one-third of the figures used in recent bond documents—and ridership of 3.1 million passengers was well below earlier projections. The company has posted large net losses every year of operation, including $549 million in 2024 and $233 million in 2025; it has never recorded an operating profit after depreciation and interest, according to the Palm Beach Post.

Adding to the issues, in mid-August, Bloomberg reported that Brightline West President Sarah Watterson stepped down as President of the financially distressed project:
Brightline West Loses President for Cash-Strapped Rail Project

"A key executive at Brightline West has stepped down as the overbudget project to build a private high-speed passenger railroad from Southern California to Las Vegas struggles to fill in funding gaps. Sarah Watterson is no longer president and instead serving as a special adviser to the company. The change was disclosed by mortgage lender Rocket Cos. Inc., where Watterson is joining as an independent board member, according to a statement Monday. Watterson, who's been at Brightline for seven years, will assist with the transition, according to a Brightline spokesperson. Mike Reininger remains as managing director, responsible for delivering the project."

If federal funds have been cut from the State of California's high speed rail, why should U.S. federal taxpayers be on the hook for an unprecedented $6 billion federal loan bailout to salvage the failing Brightline West high-speed rail project?

Railway Supply explains more on the financially distressed Brightline West high-speed rail project:
…the company Brightline West seems to be angling for some U.S. Department of Transportation hint or indication by September 10 of hopeful eventual approval of the $6 billion federal Railroad Rehabilitation & Improvement Financing (RRIF) loan request for its Rancho Cucamonga to Las Vegas project.

The underlying obligation dates to November 2025, when Brightline West committed under a Transaction Support Agreement to raise at least $400 million in capital by 31 March 2026. Of that amount, $250 million was earmarked to redeem part of the Series 2025B Bonds. The agreement records a commitment by the company; it is not confirmation that the capital has been received.
"This is not a private project, but instead a hybrid one whose costs are increasingly socialized, even as Brightline hopes to completely capture all profits if the project is ever completed," John Sitilides said in a letter to the U.S. Department of Transportation. "Brightline's open pivot from private bank debt to federal taxpayer bailouts suggests that the private investor markets assess the project's volatility as too risk-laden to assure eventual viability."

The original Brightline West "private venture" promise has effectively collapsed. The Railroad Rehabilitation & Improvement Financing request makes clear that the project, if built, can only move forward with monies largely from taxpayers and tax-exempt bonds.

The private venture market has effectively declined to fully fund this project, and now taxpayers are being asked to fill the gap the market would not.

Katy Grimes
Katy Grimes, the Editor in Chief of the California Globe, is a long-time Investigative Journalist covering the California State Capitol, the co-author of California's War Against Donald Trump: Who Wins? Who Loses? and a contributor to "Taxifornia 2016."
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Wealth Disparities Are No Excuse for Marxism

Most people know that nothing is free and attempts to 'even the playing field' rarely work out as planned

By Jon Coupal, September 10, 2026

In case you were wondering about the extent to which full-scale Marxism has infected the University of California, wonder no more. G. Cristina Mora and Tianna S. Pachel are both professors at University of California Berkeley, and co-authors of "Normalizing Inequality; How Californians Make Sense of the Growing Divide."

It reflects what you would expect from ground zero of higher education progressivism.

The basis for the book, according to the authors, were "in-depth interviews and survey data collected from middle- and working-class folks across the state." Apparently, they were frustrated in that respondents "were clear-eyed about the difficulties besetting their towns and cities," but were relatively blasé about wealth differences.

That may have compelled the authors to submit an opinion piece in Capitol Weekly entitled, "In California, we need more outrage about inequality." The opening paragraph posits that, "Inequality in the United States is out of control. And this is particularly true in California, which, despite being the wealthiest state of the wealthiest nation in the world, many people are simply not making it."
Whether one agrees that inequality is "out of control," or is even a bad thing, the first observation is that the authors admit it is "worse" in California. That point can be conceded but one wonders why a progressive state that is obsessed with wealth disparity is a poster child for it. The answer is simple. Our political leaders have pursued policies that hurt the working poor and middle class, impeding those individuals from climbing up the economic ladder.

In fact, the California Policy Center makes a compelling case that "California has declared war on its middle class, and the special interests controlling the state are doing everything they can to impose this punitive economic model on the rest of America. It's a quasi-feudal system, with the entire population divided into aristocrats and serfs. The means to destroy the middle class is to engineer an unaffordable cost of living for households, and a regulatory environment that only huge corporations can afford to navigate." California's middle class has shrunk from about 60% of the population in the 1980s to roughly half or less today, squeezed by high housing costs, high taxes, and surging living expenses.

As noted at the beginning, the authors of "Normalizing Inequality" express disappointment that Californians are accepting of wealth disparities. "And this was the central crux of our findings. Californians were skilled at naming and identifying inequality, and then, almost in the same breath, they also downplayed it."

"When it came to economic inequality, for instance, Californians acknowledged the brutal housing market and were upset that single-family home prices had skyrocketed. And then they would quickly shift to tell us that they themselves could be an exception because they knew how to save, work hard, and seize the right opportunities."

Perhaps the professors failed to consider that the people they were talking to were educating them, not the other way around. Most people know that nothing is free and attempts to "even the playing field" rarely work out as planned. This is not to suggest that California, and the United States generally, shouldn't strive for equality of opportunity. But that is different from a mindless pursuit of equality of outcomes.

To provide more opportunities for those at the bottom of the ladder, California has one of the largest and most generous social safety nets in the United States. The state spends more per capita and covers a broader range of benefits for low-income residents, including expanded healthcare eligibility and higher cash grant maximums — than almost all other states. But in a society where welfare benefits and other government assistance programs often add up to more than the after-tax income from working, self-sufficiency is disincentivized, both for those receiving the benefits and for those who do not. Therein lies the fallacy of attempting to close the wealth gap via government fiat.

For those desiring a society where wealth disparities are virtually non-existent, a trip to North Korea would be educational.

Jon Coupal's op ed was originally published at the Howard Jarvis Taxpayers Association.

Jon Coupal
Jon Coupal is the President of the Howard Jarvis Taxpayers Association. HJTA, with offices in both Los Angeles and Sacramento, is the largest taxpayers association in California with a membership of over 200,000. Founded by the late Howard Jarvis, the author of Proposition 13, HJTA's name is synonymous with tax relief and the uncompromising defense of the California homeowner.

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