



## WEEKLY UPDATE July 13 - 20, 2025

After a three-week period that includes the July 4 Independence Day break, the SLO County Board of Supervisors reconvened on July 8 with a light agenda.

### Internal Audits Find Little Scandal, but Room for Improvement

The first significant item of business was to 1) receive, review, and file the FY 2023-24 Internal Audit Division Annual Report, Employee Procurement Card Fraud Investigation Final Report, and CliftonLarsonAllen LLP Procurement Card Assessment; 2) approve the attached Multi- Year Audit Plan; and 3) provide direction as necessary. The 15 page Audit Report uses 8 of the first pages explaining the methodology and parameters of the actual audit, and doesn't get down to audit results until page 6 with a report of progress:

Report on FY 2023-24 Audit Plan			
Category	Audit Name	Type of Engagement	Engagement Status
Mandated	Annual Cash Shortages and Overages Report (Countywide)	Assurance	Completed
	Food and Nutrition Services Reporting Validation (DSS)	Consulting	Completed
	State Worker's Compensation Insurance Fraud (District Attorney)	Consulting	Completed
	Workforce Innovation and Opportunity Act Grant Audit (DSS)	Assurance	Completed
In Progress	Cannabis Tax Compliance Audits (3 establishments)	Assurance	In progress
	Cash and Internal Controls Audit - Health Agency Public Guardian	Assurance	In progress
	Cash and Internal Controls Audit - Planning Department	Assurance	Completed
	Countywide Procurement Card Process Assessment	Assurance	In progress
Follow-up	Cash and Internal Controls Audit - Child Support Services	Assurance	Completed
Discretionary	Cannabis Tax Compliance Audits	Assurance	Completed
	Cash and Internal Controls Departmental Audits	Assurance	Carried forward
	Concessionaire Audit	Assurance	Carried forward
	Countywide IT Audit	Assurance	Carried forward
	Countywide Special Pay Audit	Assurance	Carried forward

The next page goes into some detail about the Whistleblower Hotline and how it refers reports to related departments or agencies and conducts follow-up investigations as necessary. In FY 2023-24, the Whistleblower Hotline received 46 reports, a 130% increase from the prior year's 20 reports. 50% of the reports received were referred to other County departments. All but two of the reports were received directly through the Whistleblower Hotline. 20 of the 46 reports received were submitted anonymously. Three of the reports were investigated by the District Attorney's office.

The Whistleblower Hotline Results are illustrated here:

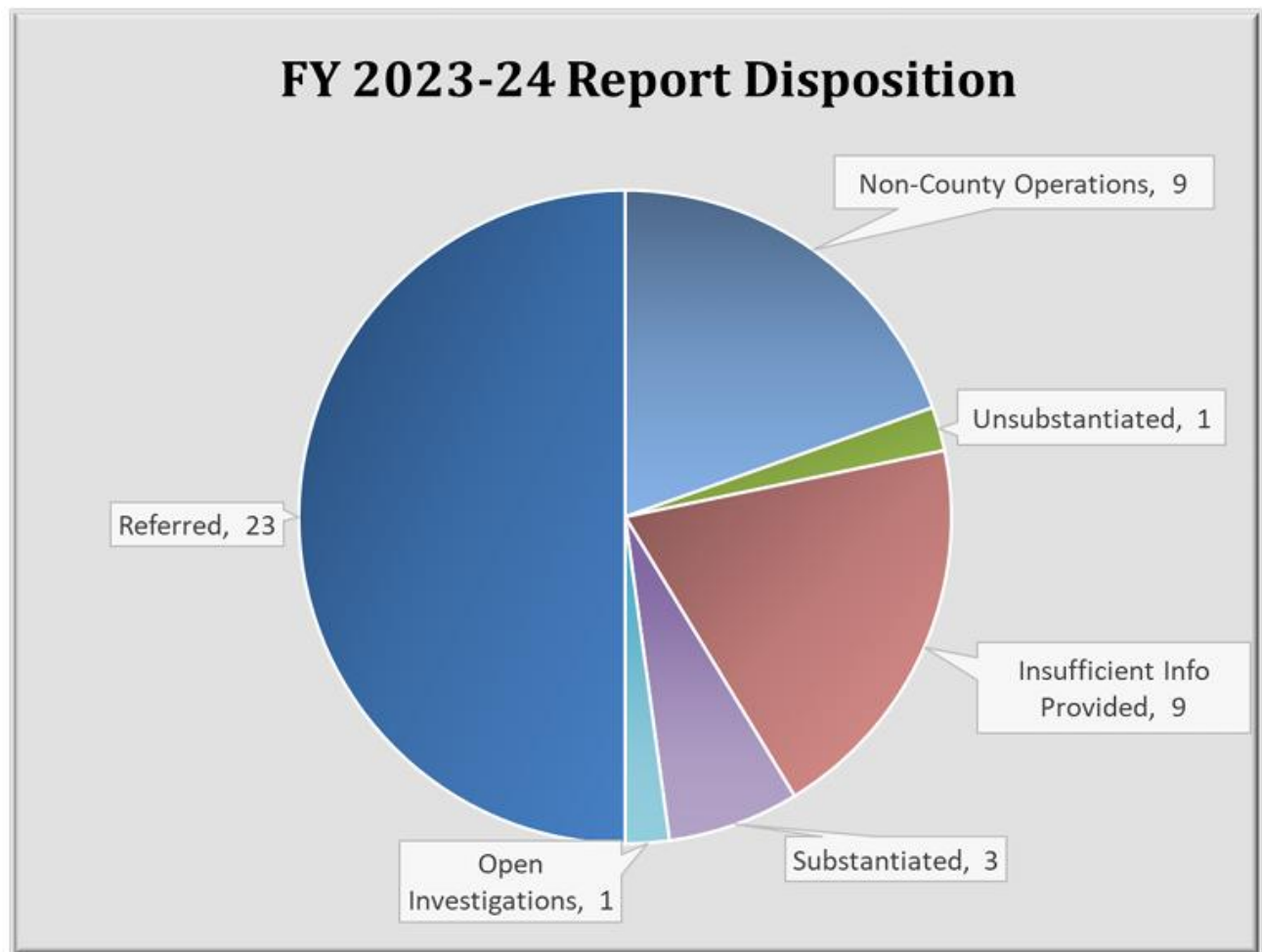


Reports related to employee misconduct that were not related to alleged fraud, waste, or abuse were referred to Human Resources. The remainder of the reports were either referred, not related to County operations, unsubstantiated or did not contain sufficient information to investigate.

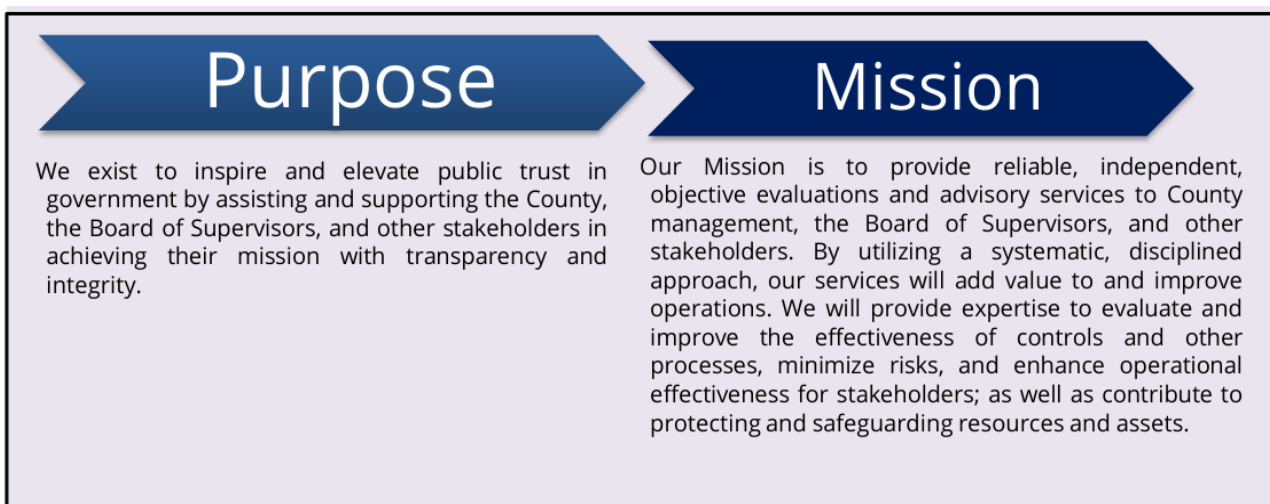
Quarterly Whistleblower Hotline reports are available on the Auditor Controller website.

According to the Auditor, in addition to matters originating from the Whistleblower Hotline, the Internal Audit Division also aided with the investigation of an internal report alleging the misappropriation of County funds by a county employee. Details for that investigation are attached as special attachments to this report. Two of the FY 2023-24 Whistleblower reports resulted in employee terminations and resulted in enhanced internal controls and policy definition at the department level.

The following graph illustrates the breakdown of whistleblower reports:



While this report is generous in detail about who will be audited, how and when it will happen and why it happens, it is a little light on actual findings. The following illustrates the mission statement of the Auditor Controller:



In another report (19 pages this time), the firm of CliftonLarsonAllen LLP was retained by the County of San Luis Obispo to perform risk assessment procedures and provide consultation services for a Procurement Card Process Assessment. Again, the report was heavy with legalese and somewhat light on actual details detailing

the findings.

The scope period for the procurement card process assessment is the most recent six fiscal years, spanning from July 1, 2018, to June 30, 2024, and covered the following expenditures:

Department	Spend During Scope
Health Agency	\$2,377,934.04
County Fire	1,889,064.26
Sheriff Coroner	1,843,567.59
Social Services	1,163,210.52
Public Works	1,073,511.13
Parks & Golf	914,640.93
Administration	902,292.25
Central Services	901,658.80
Information Technology	780,948.03
Human Resources	611,248.76
Library	606,593.01
Facilities Management	593,923.80

Department	Spend During Scope
Airports	\$510,148.53
District Attorney	382,897.33
Probation	325,269.38
Planning and Building	292,732.97
Assessor	267,446.20
Clerk Recorder	221,368.23
Child Support Services	141,820.11
Auditor Controller Treasurer Tax Collector	122,992.41
Veterans Services	116,863.15
Agriculture Comm	68,894.90
Farm Advisor	67,875.28
County Counsel	49,562.79

**Total Spend During Scope Period                      \$16,226,464.40**

The following departments were selected for detailed process review and sample transaction testing:

	Department	# of Cardholders During Scope Period
1	County Fire	36
2	Sheriff Coroner	10
3	Health Agency	63
4	Social Services	29
5	Public Works	22
6	Administration	18
7	Central Services	11
8	Information Technology	15
9	Library	18

According to the firm, based on the above procedures performed, they identified the following observations in the processes performed at the various departments interviewed:

**-While most individuals interviewed understood the SLO County procurement card policy, there were certain instances in which the policy was not properly followed.**

**-Certain departments set additional expectations for their cardholders that the SLO County may benefit from adopting countywide.**

**-Insufficient documentation or information was included with the supporting documentation for some purchases. In some instances, while a detailed receipt was included, a reasonable explanation of the nature and purpose of the purchase and how it related to business of SLO County was lacking.**

**-Prohibited transactions were identified as a result of this audit.**

**-Department-specific requirements were not always followed.**

In the sample of 61 transactions reviewed, the firm noted observations in 22 instances. 20 of those instances were SLO County policy violations and two were

department-specific requirements not being met but not SLO County policy violations. The following graph illustrates each observation:

**SLO County Policy Violations:**

Description	Instances
Not enough information provided	9
Evidence of split transaction	7
Personal online account used	1
No approval documented on purchasing card log	1
No itemized receipt retained	1
No prior approval for prohibited transaction documented	1
<b>Subtotal</b>	<b>20</b>

**Department-Specific Requirements Not Met:**

Description	Instances
No internal requisition form completed	1
No record of receipt of goods	1
<b>Subtotal</b>	<b>2</b>

While no serious misuse was identified, the firm did seem to land on a theme of inconsistency among requirements throughout the county procurement programs and offered 18 recommendations to strengthen accountability and transparency.

Those recommendations can be read in detail at:

<https://agenda.slocounty.ca.gov/iip/sanluisobispo/file/getfile/170891>

In a third report by the Auditor Controller, new policies that are being adopted were presented. These policies are driven by the above audit recommendations and by a case of an individual county employee who was prosecuted and convicted for misuse of the county procurement programs. According to the Auditor Controller, the new policies are as follows:

**#1 - Mandatory Separation of Duties for Procurement Card Purchases**

Additional signatures may be required for high-risk purchases such as portable technology or high-dollar purchases (and departments may institute additional sign-off requirements).

Electronic signature tools (such as Adobe) will be leveraged to make signature captures efficient for department processing and will also provide a permanent electronic log of signatures for review by Internal Audits.

## **#2 - Continuous Monitoring of Procurement Card Transactions**

Going forward, electronic scans of all individual transaction invoices will be required with Purchasing Logs provided to the ACTTC for payment. This will allow the ACTTC to efficiently and independently review any transactions flagged by the analytical tool.

## **3 - Expanded User and Approver Training Programs.**

Ongoing training is a critical element to support compliance with all fiscal policies, particularly given staff turnover in Departments. Procurement Card policy guidance currently exists only in the form of the 2003 written policy document. Capabilities for on-demand video training curriculum, with Q&A and course completion logs, are being explored by Central Services' Purchasing division and ACTTC, with the support of Human Resources Learning and Development Center, with the goal of developing a variety of training and policy reinforcement tools. Additionally, the ACTTC will add Procurement Card policy overviews to the annual fiscal training session delivered to Department fiscal staff.

In another item, the Board heard a request to 1) retroactively authorize the Health Agency Director to apply for a California Board of State and Community Corrections Proposition 47 Grant Program grant in the amount up to \$7,695,550 for the period of October 1, 2025, through June 30, 2029 to fund a comprehensive substance use disorder and mental health treatment program and support community-based housing, reentry, and recovery services for justice involved individuals; and 2) authorize the Health Agency Director or designee to sign all other documents required for the Proposition 47 Grant Program application.

While such programs are usually quite helpful in finding and funding solutions to local challenges, it is just a bit unnerving that little oversight seems to be given to so many multimillion-dollar programs. Are they effective? What are the stats on how well they are performing? Are they good value for the taxpayers that ultimately provided those funds from their own earnings? Is this the highest and best use for other peoples' money?

## **Has the County Planning Commission Been Deemed Irrelevant?**

The Board revisited a previous issue raised and granted a continuance a couple months ago regarding a family wishing to build a small hotel on their lot in Cayucos. They had gone through the Planning Commission process and by following all requirements, were granted, in October of last year, the permit necessary to build. Then the real headaches started. A few locals appealed the permit, which took it to the Board .

While none of the points that they raised in the appeal were significant enough to negate the permit, Supervisor Gibson (a Cayucos resident) dove right in with several “requests” for adjustments to parking and aesthetic design along with clarification on exactly who might be occupying the property.

So, despite meeting all requirements eight months ago, the family finally was granted their permit on July 8. This situation is emblematic of how government often spins out of control when individual officials take it upon themselves to write the rules as they see fit. It makes one wonder why there is a Planning Commission at all. Or, why didn't Supervisor Gibson have his appointee on the Planning Commission work with the applicants in the original process so that the eight month delay and the expense of plan revisions could be avoided?

The big question in this very subjective process is if this project was in Shandon or Nipomo, would it have received the same level of micromanaging? Anytime the cost of housing is discussed, this should be raised as a prime example of why building anything new in SLO County is so stinking expensive.

Imagine the frustration, expense and delays involved with designing a project to meet all county standards, getting the permit and starting to plan out the construction phase. Suddenly, its all stop because a few people filed an appeal. Six months later, the Board of Supervisors (on a 3-2 vote) sends you back to the drawing board, not because your project is nonconforming to county and Coastal Zone standards, but because one Supervisor doesn't care for your project. He gives you two months to revise your design to his and a few locals subjective preference – regardless of how much it will cost to make the changes.

Below are renderings of the original project as approved by the planning Commission and underneath that the with the modifications as requested (required?) by Supervisor Gibson.



As Supervisor Moreno has attempted to address on multiple occasions, our county allows anybody to file appeals in the Coastal Zone for free or very little cost, yet it costs a lot of staff time to respond, and if the appeal is meritless (as they often are) they become an easy (and expensive) form of harassment for the applicant.

## **Coastal Commission Remarks**

Below are COLAB SLO remarks from Greg Haskin regarding the operating permit for the Diablo Canyon Power Plant delivered to the California Coastal Commission at their July 9 meeting held at Pismo Beach:

**COLAB SLO is a 501 C6 nonprofit organization representing a coalition of Labor, Agriculture and Business throughout San Luis Obispo County. We are here today to strongly endorse a 20-year operating permit for The Diablo Canyon Nuclear Power Plant.**

**Aside from the obvious need for a clean, reliable source supporting our sometimes-insufficient state electrical grid, the power plant plays a key economic role for the residents of San Luis Obispo County.**

**As the largest private employer in the county, PG&E contributes to the wellbeing not only of over 1500 employees and their families, but to the many local services and products that those families depend on. These are well paid jobs, and without a long-term future, many employees will begin to drift off for more stable employment. In five years, without the long-term permit, they will either be unemployed, displacing other job seekers or gone.**

**The plant pays an estimated \$43 million in personal and corporate income tax to the federal government and about the same amount to Social Security. It pays over \$9 million to local school districts and about \$8 million in county taxes. These are significant funds to a community struggling to keep the local economy strong enough to pay the bills.**

**Further, PG&E has a robust and much appreciated presence throughout our community in terms of support and participation for nonprofits and service providers.**

**The investment made in the plant and its infrastructure should not be dismissed. The cost of building enough generation to replace Diablo Canyon is astronomical, and the time required to do so would present an enormous challenge to maintaining a power grid that serves the present and future needs of our state.**

**The Diablo Canyon Power plant is our neighbor and is much liked in San Luis Obispo County. It's a tremendous asset to the whole state, supplying clean power whether the wind is blowing or the sun is shining, with no new investment required. The Nuclear Regulatory Commission has examined every inch of the facility and found it to be safe. It has an excellent safety record over its 40 years of service.**

**We respectfully ask you to prioritize the permitting process to ensure another 20 years of clean reliable power generation, and to help maintain a key economic driver to the San Luis Obispo economy.**

At the same session when these remarks were delivered, Supervisor Paulding also addressed the Commission with a statement in support of the Diablo permit extension. He indicated that his past opposition to an extension was for safety concerns, but with the recent Nuclear Regulatory Commission report on the safe conditions at Diablo, he was persuaded to support the extension.

About 30 people made remarks on that day during the public comment period of the meeting. There was a half dozen speakers in favor of the Diablo extension, two or three opposed and several complaining about both the Oceano Airport and the proposed new south entrance to the Pismo Dunes.

## Last Week

**The June 17 SLO Board of Supervisors meeting was procedural, with several hours of deliberations over contractual issues involving county employee renumerations, and Prop 218 hearings on special district fees. This was the last meeting until July 8, allowing for the Independence Day Holiday.**

## **Audit Creates Roadmap for Savings and Efficiency**

The KPMG audit of the SLO County Health Department was presented at the June 17 Board of Supervisors meeting. While the audit identified a range of \$12 to 24 million in potential savings, no scandals or huge upsets were identified.

The team of three auditors that presented were all complimentary of county staff and stressed that most of their findings were in the area of duplication of services from one part of the agency with another, outdated billing and scheduling programs and the kind of basic personnel inefficiencies that can develop as an agency grows without using the most current best practices.

Naturally, fees for service are always a subject of discussion for county agencies. The concept that taxes should cover at least the basic services is too often lost. It's as if your taxes pay to have the agency, but if you want anything from that agency, you will need to cover the cost of whatever work product you request.

An interesting aspect of the presentation is that the Health Department staff responded to the audit with appreciation. Rather than being defensive, or pointing out aspects that were unworkable, they made a point of saying that they agreed with the findings and would use the audit as a roadmap for improving their performance.

Supervisor Gibson requested that staff report back in 90 days with a work plan to implement some of the recommendations.

The complete technical findings of the 225 page analysis can be found via the following link:

<https://agenda.slocounty.ca.gov/iip/sanluisobispo/file/getfile/170470>

The following graphs illustrate some of the more significant recommendations.

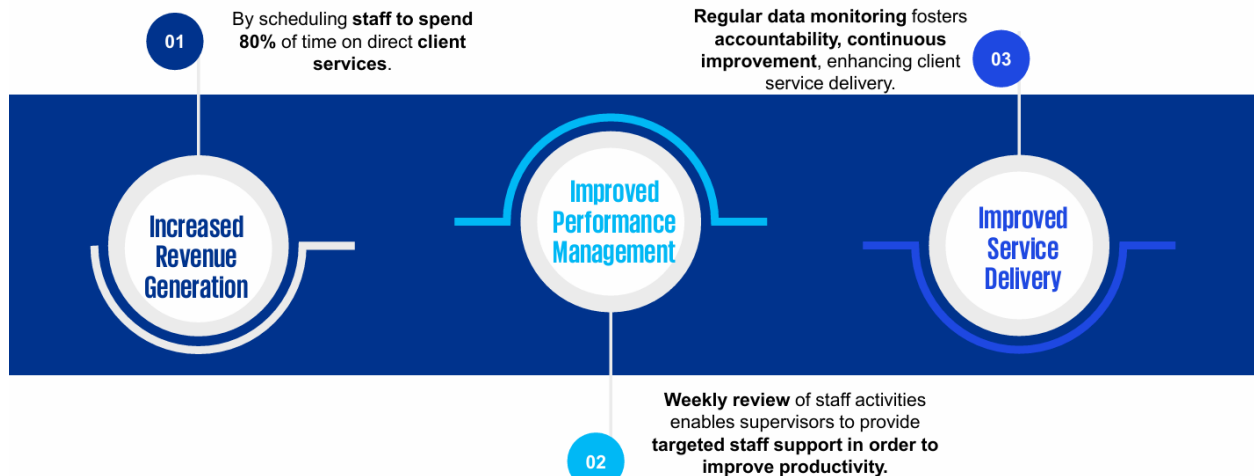
## Optimize Staffing

Optimize staffing across all Mental Health Adult Services, Youth Services, Drug and Alcohol Services and Justice Services to improve access to care, meet client demand, and achieve utilization targets through enhanced scheduling and shifting to a multidisciplinary team approach, allowing the County to right-size clinics to meet demand while maintaining financial viability.



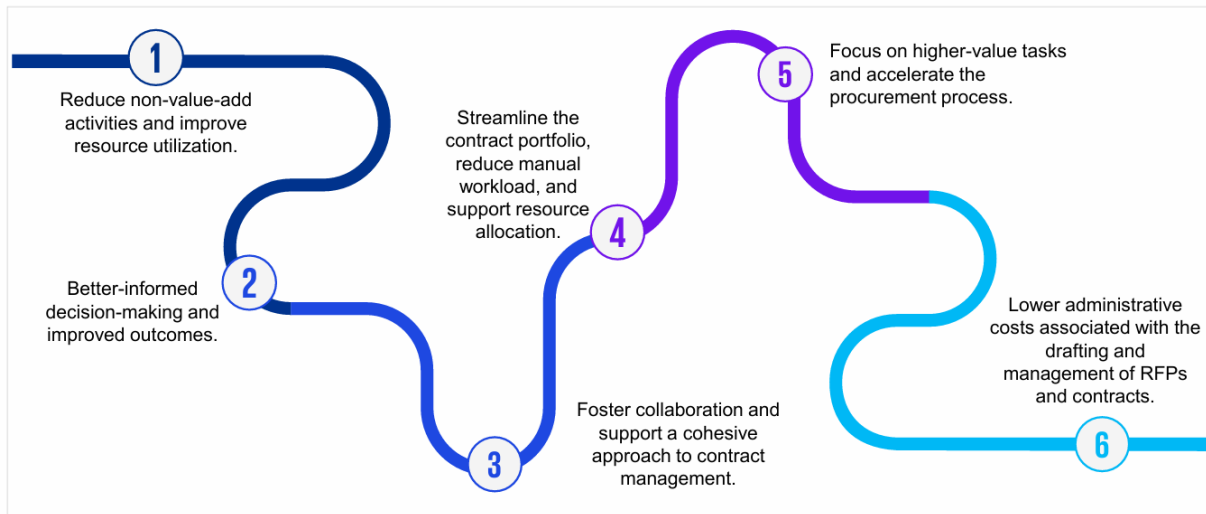
## Enhance Staff Utilization Tracking

Implement processes for tracking staff utilization across the Public Health and Behavioral Health Department and setting utilization targets to enhance program service delivery and cost efficiency.



## Health Agency – Implement a Contract Management System

Implement a Contract Management System, standardize processes, establish clear roles and responsibilities, and review the current contract portfolio to improve the contract management process.

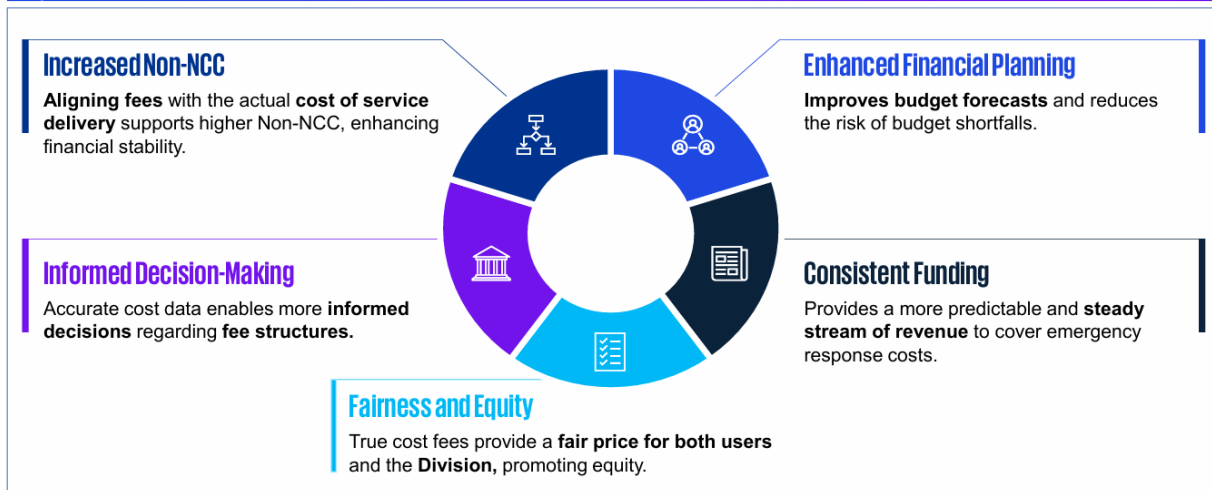


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## Re-evaluate Fees across Environmental Health

Re-evaluate fees across Environmental Health for Water Systems and the Land Use program fees, consider incorporating the cost of Emergency Response into regular fees, and update the fee schedule after finalizing the budget to better align fees with departmental costs.



## Transitioning toward Mobile Clinics and Track Financial Metrics

Consider transitioning to mobile clinics in low-volume locations, implementing telehealth to enhance client accessibility, and commencing the tracking of key financial metrics across clinics to optimize resource allocation and increase cost efficiency.

### Increased Accessibility

Enhances accessibility for clients, allowing them to receive care without the need to travel long distances.

### Enhanced Community Integration

Offering services at local libraries and community centers can strengthen community ties and increase awareness of services.

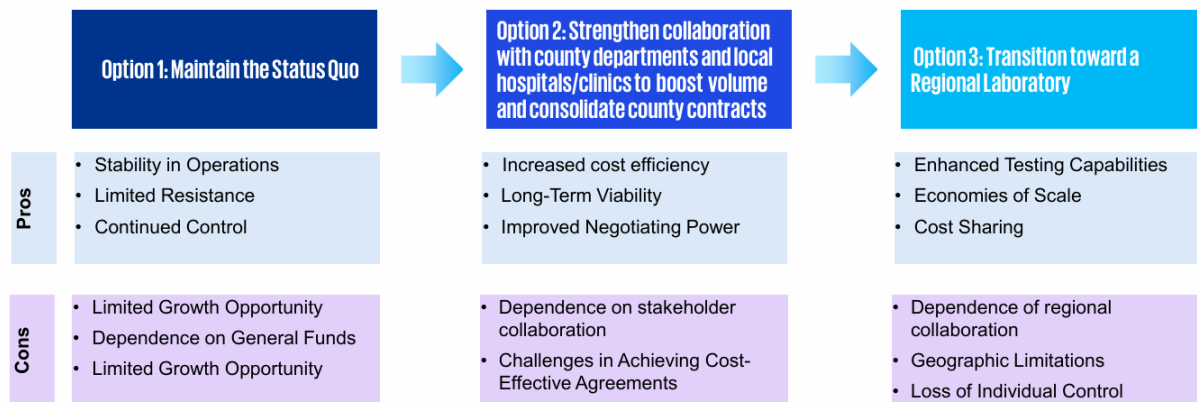


### Cost Efficiencies

It may reduce rental and operating costs associated with maintaining permanent physical clinics.

## Explore Options for Laboratory Operations

Explore three key options for the Laboratory's future operations to enhance Non-NCC and decrease reliance on the general fund.



One important aspect of this audit is that it is the first in a series that will examine each of the major county departments. So, the depth of the audit and its findings are exemplary of what is to come with other county agencies. The Planning and Building Department is scheduled to be audited next. They handle all sorts of categories including Agriculture, Water and Energy, Housing, Cannabis, Code Enforcement, Mapping and the Diablo Canyon power plant.

## **Budget Finally Done... or is it?**

The 2025-2026 San Luis Obispo County \$958,151,209 Budget, as presented following last week's budget hearing, was passed as received with one minor exception.

Supervisor Paulding had requested a \$250,000 earmark within the Public Works Department for the Cecchetti Bridge restoration project during the regular budget proposal and was granted a unanimous vote.

This week, as the final budget was presented for approval, Paulding made a motion to shift the \$250,000 to a different cost center (operating budget), citing an uncertainty that the votes would be there when the funds were needed to be appropriated. Obviously, the inference was that Supervisors Peshong and Moreno might go back on their initial support. This annoyed both of them. When they confronted him, Paulding changed the story by saying he was exploring cheaper and more efficient solutions. In the long run, the change didn't impact the overall budget, but it did signal a lack of communication and cooperativeness from Supervisor Paulding.

After many weeks of budget presentations, deliberations, and hearings, the budget is approved and will be formally adopted at a Board of Supervisors meeting in September, leaving the county with 2,814 employees.

Two things that could impact the budget between now and then are if the early August close of the County's books for the fiscal year results in a significantly short balance or if the California State budget is so upside down that anticipated revenue from Sacramento is dramatically cut.

## **Hardly Any Protests of Higher Rates**

Seven rate increases for special districts were on the agenda. Each were under a Prop 218 vote, meaning that if a simple majority of rate payers from any of the districts protested, the rate increase could not go into effect. Most were for water rate increases, and only a couple had any protests at all.

The one that stood out was the proposed solid waste collection rate increase within the service area provided by South County Sanitary Services in the unincorporated areas of the County of San Luis Obispo that include rural areas surrounding Avila

Beach, rural areas surrounding Arroyo Grande, Varian Ranch, Halcyon, Nipomo Bluff, Nipomo Mesa, Woodlands, and Los Berros.

This fee modification included an increase to green waste and recycling collection, even though those services are not provided to a few of the communities that will be charged.

Supervisor Gibson found the situation to seem unfair and asked that this increase be continued until early August so that staff could research the perceived imbalance and come up with recommendations to rectify.

The other six had zero or very few protest votes and passed.

## **Taking it to the Streets**

An innovative program was launched in March of this year called the Mobil Probation Service Center that utilizes a service van to conduct field meetings with people on probation and people needing assistance for various county services at strategic locations throughout San Luis Obispo County.

The concept of eliminating the sometimes insurmountable transportation challenges for individuals to travel to offices in San Luis Obispo seems to be working. In the first three months of service, 189 individuals were served. Those numbers are expected to rise as people become more accustomed to the van being in their local community.

One of the key points raised in the KPMG audit of the Health Department was that service is much more efficient if it can be delivered in the field. Such a service has a positive impact on reducing no shows resulting in keeping needed services on track and avoiding expensive interruptions.

# Objectives

- Improve public safety by increasing probation compliance.
- Remove barriers to housing, transportation and social services supports.
- Connect to housing programs to get individuals off the street.
- Connect to supportive services including substance abuse treatment, mental health treatment or court ordered programs.
- Regional collaboration between Probation Officers supervising the unhoused and service providers.

The 24-foot van has all the amenities of a stationary office, but allows probation officers and service providers to meet with people that often have no reasonable means to travel to the main office in San Luis Obispo. Here is a peek at the van and its facilities:





## NEXT WEEK

### **July 18 County Planning Department Items – Good Luck With That!**

The County Planning Department will meet on Friday, July 18 with three items on the agenda. Two are proposals for homes to be built in Los Osos. They seem to be reasonable plans for reasonable structures designed to meet all standards and requirements for new construction.

Yet, the frustrating aspect of the request, much like the small family hotel request covered above, is that once the Planning Commission gives approval, it's highly likely that a small group of self-appointed "environmental protectors" will file an appeal with the county. The appeal will take 6 months and many hours of staff time in preparation. After a 30 – 45 minute discussion at the Board of Supervisors

meeting, the Board will probably find (as it has many cases) that the appeal is based on inaccurate or inapplicable claims, resulting in a denial.

We know how it works, the appellants know how it works and hopefully the applicants know how it works.

The cost of this clown show is huge. First, the delay costs the applicant. Then the staff time at the county is an expensive and time-consuming distraction, then the Board of Supervisors end up using a big chunk of their meeting time for little good in the long run.

Anyone who want to get anything from the county, even something as simple as a dog license or a copy of a document, will be charged a fee based on the cost to the county to provide what you want. That is, unless you want to appeal a Planning Commission decision on a Coastal Zone property. Our County makes it too easy, and even attractive, to file appeals that have no merit, and only serve to slow down projects, make them more expensive and a bigger headache for anybody trying to build a conforming project.

## **July 15 Board of Supervisors Meeting: Pot and Phillips 66**

The next meeting of the SLO County Board of Supervisors is scheduled for Tuesday, July 15 with an agenda mostly of what could be described as “housekeeping items”. There are 23 items on consent that set rates for service districts, approve requests to apply for grants, approve contracts for service providers and recognize various community leaders for their service in support of great causes.

Only two substantive items are agendaized. The first is a request to establish a sizable cannabis operation in East Paso. It reads:

Hearing to consider an appeal (APPL-CNBS2025-00001) by Robert Ballo of the Planning Department Hearing Officer’s approval of a request by Elizabeth Ross (Eden’s Dream LLC) for a phased Minor Use Permit (DRC2018-00183) to establish up to 22,000 sq. ft of indoor cannabis cultivation canopy, 5,500 sq. ft. of ancillary nursery canopy, 8,480 sq. ft. of ancillary processing, 2,275 sq. ft. of storage, 200 sq. ft. of office, an 875 sq. ft. compost area, portable restrooms, non-compostable waste storage and ancillary transport. No outdoor cultivation is proposed as a part of this project. New development will include the construction

of a 35,500 sq. ft. greenhouse to support the indoor cultivation, ancillary nursery, and storage areas, a 9,000 sq. ft. metal barn-like structure to support the ancillary processing, storage, office, and restroom areas, a 980 sq. ft. metal barn-like structure to support ancillary processing and an ADA restroom, three (3) 5,000-gallon water storage tanks, one (1) ADA parking space, and new security fencing. The application also proposes to utilize existing water storage tanks and an all-weather parking area to support the cannabis operation. The proposed project would result in approximately 1.07 acres of ground disturbance in pre-disturbed and developed areas. The project includes a modification to the parking standards set forth in Land Use Ordinance (LUO) Section 22.18.020 to reduce the required number of parking spaces from 45 to 13. The project will result in a total of 1.07 acres of new site disturbance on a 100-acre parcel located at 4339 S. El Pomar Rd, within the North County Planning Area, El Pomar-Estrella Sub-area. (Planning and Building)

The intriguing thing about this request is that just about a month ago, a half dozen or so people in the local cannabis industry appeared before the Board to request a break in the taxes that they pay because business is so challenging, and they are having a difficult time making a profit. It will be interesting to see how this proposal unfolds.

The other item is very significant, as it addresses the future of the Phillips 66 property, however, there is a request for continuance. This issue promises to be a contentious and long-term challenge. The Sierra Club is taking the lead in the environmental community attempting to have the property turned into a nature preserve of some sort. That this private property is a big asset for its owners, and has tremendous potential and high value, seems to be of no concern to those who want it to be a park with hiking and biking trails. This might become a multi-year item that could involve litigation. Stay tuned...

## **EMERGENT TRENDS - SEE PAGE 24**

**California lawmakers finally achieve ‘holy grail’ reform of state’s key environmental law**

**Why one union became one of the most pro-housing voices in California**

## **COLAB IN DEPTH SEE PAGE 32**

**Is California’s Water Infrastructure Ready for Climate Whiplash?**

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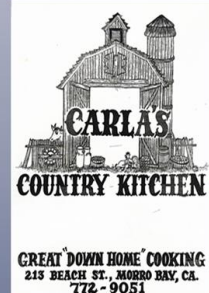
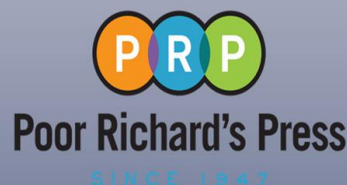
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# **California lawmakers finally achieve ‘holy grail’ reform of state’s key environmental law**

by Dan Walters

July 2, 2025

Jerry Brown once described reform of the California Environmental Quality Act as “the lord’s work” but he, like other recent governors, was not willing to invest enough political capital to change it.

Simply put, significantly altering CEQA, which then-Gov. Ronald Reagan signed more than a half-century ago, would require confronting two powerful interest groups: environmental organizations and labor unions, which have weaponized the law to achieve their goals.

Brown made one stab at compelling the Legislature to alter CEQA in 2016, but otherwise left it to his successor, Gavin Newsom.

For six years, Newsom echoed the attitudes of his predecessors, critical of CEQA’s misuse to block housing and other much-needed projects, or compel developers to hire unionized labor or jump through other hoops, but unwilling to confront it head-on.

Instead, he and the Legislature nibbled at the edges of the law and gave specific projects, such as sports arenas, exemptions.

Finally, however, the social and economic costs of leaving CEQA intact became too high. The state’s critical shortage of housing continued despite innumerable policy declarations aimed at spurring investment. It became downright embarrassing that a politically dominant Democratic Party pledged to socioeconomic equity was unable to deliver on promises to make housing more abundant and affordable.

California starred in a New York Times video that chastised blue states for failing to live up to their stated principles and in a recent book, “Abundance,” about the

nation's chronic inability to deliver much-needed projects due to regulatory overkill, such as CEQA.

This year, with Newsom nearing the end of his governorship and appearing to cast his eyes toward a presidential campaign, the governor decided to confront the CEQA issue squarely. He endorsed two bills that would impose limits on the law's reach and, in the end, threatening to block the entire state budget if they weren't placed on his desk.

On Monday, the last day of the fiscal year, the Legislature passed Assembly Bill 130 and Senate Bill 131 with last-minute changes to dampen opposition from construction unions. Newsom quickly signed them.

"We needed to go bold and big on this holy grail reform," Newsom said at a hastily staged signing ceremony.

Essentially, the legislation exempts virtually all infill housing projects from CEQA's provisions, making it more difficult for opponents of high-density housing projects, known as NIMBYs, to block approval.

Such projects, particularly those aimed at low- and moderate-income families, have been the most difficult to gain approval, due largely to opposition in upscale communities dominated by single-family homeowners.

"When you are building housing in an existing community, that is environmentally beneficial, it is climate friendly, that is not something that should be subjected to potentially endless CEQA challenges and lawsuits," Sen. Scott Wiener, a San Francisco Democrat who authored SB 131, told senators before they passed the measure.

Wiener and Assemblywoman Buffy Wicks, an Oakland Democrat who carried AB 130, have been the Capitol's two most aggressive advocates of pro-housing legislation.

The remaining question, of course, is whether the two new laws, which go into effect immediately, will have a discernible impact on the state's housing shortage. CEQA is just one factor of many determining whether proposed projects proceed or die. Those who oppose high-density housing in their neighborhoods will not just roll over.

Ironically, as the Legislature was passing the two new laws on Monday, The Atlantic was publishing a lengthy article entitled “The Whole Country Is Starting to Look Like California,” that describes how red tape and local opposition are adversely affecting housing development in red states such as Texas and Florida, which had been viewed as developer paradises.

## **Why one union became one of the most pro-housing voices in California**

**By Jeanne Kuang and Ben Christopher**

**July 10, 2025Updated July 11, 2025**

When Gov. Gavin Newsom last week signed the biggest effort in years to undo red tape for housing development, he singled out one group for credit.

“This is the third of the last four years we’ve been together signing landmark housing reforms, and it simply would not have happened without the Carpenters,” Newsom said.

The California Conference of Carpenters has emerged in recent years as one of the most influential voices on housing in Sacramento. The new law rolls back California’s landmark environmental review law to exempt urban apartment developments, an idea once considered a legislative third rail. It’s the most significant yet in a string of bills intended to boost housing production that lawmakers have passed with the union’s help.

The Carpenters’ involvement has given some Democratic lawmakers the opportunity to address the housing crisis with the blessing of a construction union.

They’ve presented an alternative to more traditional demands from organized labor embodied by the State Building and Construction Trades Council, which has opposed nearly all high-profile proposals to lower hurdles for developers that do not include minimum pay levels and union hiring requirements that some housing advocates see as so stringent and costly they effectively hamper building more housing.

The Trades, an umbrella group of 14 affiliated construction unions, are a force in the Capitol. Their members turn out reliably for campaign door-knocking and they are affiliated with the powerful California Labor Federation. Over the past 10 years, the Trades’ statewide and regional councils have donated more than \$6.7 million to legislative candidates; the affiliated unions have collectively donated at least another \$32 million.

The Carpenters, with its northern and southern councils, spend a formidable amount themselves: nearly \$6 million on legislative races in the past decade, rivalling any of the Trades’ unions.

“Unions carry a lot of weight in Sacramento and for good reason,” said Assemblymember Buffy Wicks, an Oakland Democrat and an author of the environmental carveout law. “It’s important that we’re supporting good-paying jobs and I don’t want to take anything away from them. But we have to look around at what’s working and we have to build 2.5 million homes. The Carpenters have come to the table with more creative solutions.”

### **Division bursts into public view**

Not everyone is on board. The carpenters’ stance has created a split in the labor movement that makes lawmakers uneasy and sometimes spills into public view.

With the Carpenters’ backing, lawmakers and Newsom last month tried at the last minute of budget deliberations to push through a version of Wicks’ bill that included minimum wages for residential construction workers. The proposed wages were higher than most of the typical non-union wages for private developments, but \$40 to \$60 lower per hour than the prevailing wages required on publicly subsidized projects — a state-calculated figure that amounts to union-level pay.

### **Comparing hourly minimum wages for carpenters**

Prevailing Wage	Proposed Budget Bill	Median Wage
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SF Bay Area		
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\$39		
------	--	--

\$40		
------	--	--

\$99		
------	--	--

Los Angeles

\$36

\$36

\$78

Chico

\$28

\$32

\$92

Source: Department of Industrial Relations, LegInfo, Bureau of Labor

Backlash came swiftly. Following the Trades' lead, union leader after union leader lined up at the Capitol to slam the proposal, arguing it would undermine their members' higher wages. Lawmakers quickly scrapped the proposal.

"The Carpenters, in my view, are a pariah" in the labor movement, said Scott Wetch, a lobbyist for Trades-affiliated unions representing electrical workers, pipe fitters and sheet metal workers. "They're willing to sell all workers down the river and pursue really unlivable wage rates so they can try to capture other unions' work."

But lawmakers say what caught their attention was more of a philosophical difference. Non-union laborers produce the majority of the state's housing, and the Carpenters' approach viewing them not as cheaper competition but as potential members of their union has made them "game-changing," Wicks said.

"The role of unions is to protect the workers in their organization," said Danny Curtin, director of the California Council of Carpenters. "But in the larger perspective, it's to protect all workers, and then bring them into the union movement."

With the exception of affordable and publicly subsidized projects, housing has been largely built with non-union labor for decades. In the late 1960s, corporate giants began backing contractors to resist union demands and promote non-union labor. An influx of immigrant workers, willing to accept lower pay, made it possible. Construction unions of all stripes found the small, scattered worksites of the residential market too difficult to organize when larger commercial, industrial or public works projects provided members steadier work, said UC Santa Barbara labor historian Nelson Lichtenstein.

Labor groups see home building as the Wild West of construction, rife with fly-by-night contractors, wage theft and physical hazards.

In 2001, the national United Brotherhood of Carpenters and Joiners of America split from the AFL-CIO, which includes the building trades unions. Douglas McCarron, president of the national carpenters' union, claimed at the time that the labor umbrella group was overly focused on protecting existing members and failing to "shift resources to organizing" new ones.

In 2022, Jay Bradshaw, the then-newly elected executive secretary-treasurer of the Northern California Carpenters Union, brought that approach to the state's housing debates.

Before then, development advocates and lawmakers could barely even introduce housing streamlining proposals without the Trades' insertion of their favored labor standards, lobbyists and current and former lawmakers said. Sometimes, the Carpenters agreed with them.

But Bradshaw, who did not respond to interview requests for this story, was motivated by low pay and labor violations on non-unionized residential jobsites, which he often called "crime scenes," said Sen. Scott Wiener, a major author of housing bills. Bradshaw wanted housing bills to include rules to improve those workers' pay and conditions, but in contrast to the Trades, he was OK with those hired not being union members.

"It changed everything," Wiener said. "It created more space for more dialogue and less of the 'my way or the highway' approach."

The theory was that by improving workers' conditions and visiting job sites to enforce the new rules, the union could one day organize them.

### **Carpenters focus on non-union workers**

So the Carpenters in 2022 broke away from other unions to push for a bill Wicks authored that made it easier to convert strip malls and commercial properties to housing. It included requirements for developers to pay union-level wages, and for bigger projects, provide workers health benefits and agree to be monitored for wage theft and other labor violations. It did not include language favored by the Trades to hire a "skilled and trained" workforce — essentially, union labor.

The bill passed against the Trades' wishes, though lawmakers also passed a second, similar bill with the Trades' hiring language. The following year, they used a similar formula to pass a pair of streamlining bills. Along the way, the support of the Carpenters garnered the support of public school employees and service sector unions, and even some Trades-affiliated unions.

"Count us shoulder-to-shoulder with anyone who will continue to drive to pull those workers up and in, as they should be," Bradshaw said at last week's bill-signing ceremony, "to support union labor and protect that, but to make sure that union labor should be held to account to represent all workers."

Other unions use a similar method of organizing in an era of low unionization rates and an economy defined by subcontracting and franchising.

The Service Employees International Union, which has backed some of the Carpenters' efforts on housing bills, has also spent years pulling non-union, heavily immigrant workers into the labor movement in part by making policy demands. Its signature Fight for \$15 organizing effort in fast food restaurants, an industry notoriously difficult to unionize, got California lawmakers to mandate a \$20 minimum wage for fast food workers in 2023.

But in restaurants, there isn't a union of well-paid, skilled workers looking to safeguard their own jobs.

### **Major reforms to California environmental law**

There were already bouts of bad blood between the Carpenters and the other construction unions over the years. In particular, the San Francisco Trades council has accused the Carpenters of bidding on projects for their own members, "attempting to claim and steal the work" from other specialized craftspeople.

So attempts to write alternative labor standards into housing laws have come across to the Trades' unions as undercutting their contracts — or, as Wetch described it, "trying to benefit your organization to the detriment of others."

The dispute over minimum wages last month sent that dynamic into overdrive.

The new wage standard the Carpenters backed was presented as a way to provide a minor wage hike for the lowest paid construction workers, who are virtually all non-union.

Chris Hannan, president of the Trades council, said the organization was so outraged by the proposal because it could have undercut wage schedules incorporated into union apprenticeship programs. He also said writing new construction wages into state law that are below the union-level prevailing wages would “set a dangerous precedent that may extend outside of residential construction.”

To Hannan, promoting union hiring is how lawmakers can preserve California’s middle class. If lawmakers can guarantee there are new projects for Trades workers, the Trades would expand apprenticeships to bring new workers into well-trained, well-paid positions.

He declined to discuss in detail his disagreements with the Carpenters. But he said the proposal for lower-than-prevailing wages went too far.

“In the past, whether we thought a labor standard (proposed by the Carpenters) was sufficient or not, at least they were meaningful,” Hannan said. “This here, this time, was just a complete non-starter.”

In the end, the California Environmental Quality Act changes passed without the controversial wage proposal, which made the Trades neutral rather than opposed to the bill. It includes labor enforcement language the Carpenters said would help them root out the worst actors, such as adding liability for the developer if their contractors or subcontractors are caught underpaying workers.

The Trades say they, too, got what they wanted. For new infill apartments to skip CEQA review, the law requires union-level wages for projects with 100% affordable units, and some union hiring for projects that are taller than 85 feet.

Most developments over 85 feet use concrete and steel frame construction, which require a higher skilled labor force that is often unionized anyway, and most entirely income-restricted housing projects make use of public subsidies that require union-level wages. These were relatively modest concessions that Wicks said “we were happy to make.”

That leaves market rate and mixed-income apartment buildings under seven-or-so stories, which define the bulk of urban development in California. Hannan

acknowledged that those new developments can now skip CEQA review without any new labor rules — whether favored by the Trades or the Carpenters.

“There’s a lot of work to be done there,” he said.

## Is California’s Water Infrastructure Ready for Climate Whiplash?

**The climate activists who run our state legislature need to have the courage of their convictions**

**By Edward Ring, July 10, 2025 2:55 am**

If there is anything that might constitute an overwhelming institutional consensus in California, it’s that we are experiencing climate change, and that one of the consequences will be more rain, less snow, and more so-called whiplash between very wet years and very dry years.

In an average year these days, 30 million acre feet of water flows through the Sacramento-San Joaquin Delta. But nearly half of that water comes down in the form of a melting Sierra snowpack which in an average year holds 15 million acre feet of water. This snowmelt fills the reservoirs and feeds the rivers from April through June. With climate change, so we’re told, the volume of runoff won’t change. But we’ll get almost all of it in the three months of winter. Do we have a system to handle winter flows into the delta that are twice today’s volume?

And if not, for the vast majority who view this scenario as a certainty, why aren’t we building anything? Our farmers need about 30 million acre feet per year; our cities, about 8 million acre feet per year. These requirements have not changed in 40 years, even as farm production has doubled and our population has risen from 25 million to nearly 40 million. This proves that we have done a great job at conservation. But we are not ready for what’s on the way.

Let’s imagine what life in 2070 might be like, with perennial deluges pouring an extra 15 million acre feet into the Sacramento-San Joaquin Delta every winter. If this much more winter rain is coming, could we even just let it flow into the San Francisco Bay? Would the levees hold, when ever since environmentalists put a

stop to dredging in the 1970s, silt has accumulated in such volume that delta channels that used to be 12 feet deep are now only 2-3 feet deep? If we don't dredge, will the levees hold against another 15 million acre feet of throughput?

Suppose the delta holds up. Key levees are hardened, critical chokepoints are dredged. How will water be withdrawn for farm and urban use if the only time high volumes of water can be withdrawn is during winter? Even if the existing state and federal pumps operated at maximum capacity, they would only be able to move 900,000 acre feet per month into southbound aqueducts. Moreover, that assumes the California Aqueduct and the Delta Mendota Canal are restored to full operating capacity.

Will the Delta Conveyance — a 45-mile-long tunnel to move water from the Sacramento River north of the delta all the way to the pumping stations on the south end of the delta — actually get built? And if so, will it be permitted to operate at full capacity of around 325,000 acre feet per month? And will the existing pumps plus the future tunnel, altogether totaling 1.2 million acre feet per month of maximum capacity, be enough?

And if we can move all that water out of the delta during the three months of winter, where will we put it? Farmers depend on water deliveries during spring and summer, with a big portion of those deliveries coming from melting snow. What if there is no snow, just torrential downpours in the winter months? Where will additional millions of acre feet find storage?

If the Sites Reservoir were built, that would help. As an off-stream reservoir located north of the delta with a planned storage capacity of 1.5 million acre feet, Sites could capture some of the high water in the Sacramento River. South of the delta, two big off-stream, aqueduct supplied reservoirs are San Luis (2.0 MAF) and Diamond Valley (0.8 MAF). But filling these and all the rest would not come close to absorbing a significant percentage of the 15 million acre feet that historically has sat patiently on top of the Sierra peaks as snow.

What about California's massive coastal cities? How will they store enough water to withstand multi-year droughts? The predicament facing the southern counties in the San Francisco Bay Area exemplifies the state's failure to prepare. Work to upgrade major perimeter reservoirs, fed with water from the State Water Project, is either grossly over budget or all but abandoned. Anderson Reservoir, built in 1960 with a storage capacity of 90,000 acre feet, began seismic retrofits in 2020, with completion not expected until around 2030. The estimated cost for the work has

tripled to \$2.3 billion. On the east side of the bay, Los Vaqueros Reservoir was planned to be expanded from its current 170,000 acre foot capacity to 250,000. But as the estimated cost soared from \$900 million to \$1.6 billion, amid a failure among the partners to agree on how to share the costs, the project died. And in the far south of Santa Clara County, the plan to massively expand Pacheco Reservoir from 5,000 acre feet to 140,000 acre feet has all but died as the estimated cost has soared from just under \$1.0 billion to \$2.7 billion.

And for all of these planned reservoirs – Sites, Anderson, Los Vaqueros, Pacheco – along with dozens of other surface storage proposals across the entire state, escalating regulations and endless litigation promise to either kill the projects, or add years of delay and billions in additional cost.

There are many solutions, and we need them all. Develop additional ways to divert water out of the delta during winter storms. Distribute excess water during winter into the major aqueducts and permit farmers to bank it as groundwater. Identify paleochannels where quick groundwater recharge is possible and pour water into these aquifers as fast as the rain can fall from the skies. And of course, invest in urban wastewater reuse, runoff harvesting, and desalination. But in all cases, projects that could make a difference face overregulation and endless litigation. As a reluctantly cynical and highly informed observer once told me: “Building it is the easy part.”

Will Californians be ready for the warm, snowless winter deluges that everyone insists are coming? As it is, we rely on water projects that were mostly completed fifty years ago. Projects that could never be built today. None of them would make it through California’s gauntlet of bureaucracies and courts.

Today we have to build and upgrade water infrastructure on the scale and with the urgency that previous generations did without hesitation. The climate activists who run our state legislature need to have the courage of their convictions. They need to support massive investment to adapt to what they are so certain is coming our way.

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