



**CITY OF EL PASO DE ROBLES**  
**"The Pass of the Oaks"**  
**Supplemental Sales Tax Oversight Committee**  
**Regular Meeting Agenda**

**Wednesday, November 20, 2024, 5:30 PM**  
**City of Paso Robles Emergency Operations Center**  
**900 Park Street**  
**Paso Robles, CA 93446**

Any writing or document pertaining to an open session item on this agenda which is distributed to a majority of the Supplemental Sales Tax Oversight Committee after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed.

AMERICANS WITH DISABILITIES ACT Any individual, who because of a disability needs special assistance to attend or participate in this meeting, may request assistance by contacting the City Clerk's Office (805) 237-3960. Whenever possible, requests should be made four (4) working days in advance of the meeting.

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**Pages**

**A. CALL TO ORDER**

**B. PLEDGE OF ALLEGIANCE**

**C. ROLL CALL**

Committee members: Jason Cox, Bryan Dodds, Jim Fotinakes, Michael Leahy, Sarah Martin, Michael McMahon, James Nunno, Victor Popp, Cheryl Thomas, Karli Twisselman, Patricia Wilmore.

Council Liaisons: Steve Gregory, Sharon Roden

**D. STAFF INTRODUCTIONS**

**E. GENERAL PUBLIC COMMENTS**

This is the time the public may address the Committee on items within the Committee's purview but not scheduled on the agenda. Each individual speaker will be limited to a presentation total of three (3) minutes per item. Those persons wishing to speak on any item scheduled on the agenda will be given an opportunity to do so at the time that item is being considered. State law does not allow the Committee to discuss or take action on issues not on the agenda, except that members of the Committee or staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights (Gov. Code sec. 54954.2).

**F. PRESENTATIONS**

**1. Emergency Services and Police Department Overview**

**G. DISCUSSION ITEMS**

**1. Approval of August 21, 2024 Supplemental Sales Tax Oversight Committee Meeting Minutes**

Ryan Cornell, Director of Administrative Services

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**Recommendation:** Approve the meeting minutes from the August 21, 2024, Supplemental Sales Tax Oversight Committee meeting.

**2. Financial Review of Supplemental Sales Tax**

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Ryan Cornell, Director of Administrative Services

**Recommendation:** Receive and file this report

**H. COMMITTEEMEMBER COMMENTS**

**I. FINANCE DIRECTOR UPDATES**

**J. CITY COUNCIL LIASON UPDATE**

**K. ADJOURNMENT**

**L. OPTIONAL TOUR OF THE PUBLIC SAFETY CENTER**

Damian Nord, Police Chief and Jonathan Stornetta, Fire Chief

Join us for a tour of the Public Safety Center which houses Emergency Services and the Police Department.



CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"

Paso Robles Supplemental Sales Tax Oversight Committee Minutes

August 21, 2024, 5:30 PM

Council Chamber - Library/Conference Center

1000 Spring Street

Paso Robles, CA 93446

A. **CALL TO ORDER**

The meeting was called to order at 5:30 PM

B. **PLEDGE OF ALLEGIANCE**

C. **ROLL CALL**

Committee members: Jason Cox (absent at roll call, joined meeting at 5:33pm), Bryan Dodds (absent), Jim Fotinakes, Michael Leahy, Sarah Martin, Michael McMahon, James Nunno, Victor Popp, Cheryl Thomas, Karli Twisselman, Patricia Wilmore (absent).

Council Liaisons: Steve Gregory, Sharon Roden (absent)

D. **STAFF INTRODUCTIONS**

Staff present: Catherine Piatti, Ryan Cornell, Ditas Esperanza, Tod Rehner, Jonathan Stornetta, Freda Berman, Kevin Wells

E. **GENERAL PUBLIC COMMENTS**

None.

F. **DISCUSSION ITEMS**

1. **Approval of May 15, 2024 Supplemental Sales Tax Oversight Committee Meeting Minutes**

Motioned by Committee member Sarah Martin, seconded by Committee member Victor Popp, and passed unanimously.

**Ayes:** Jason Cox, Jim Fotinakes, Michael Leahy, Sarah Martin, Micheal McMahon, James Nunno, Victor Popp, Cheryl Thomas, Karli Twisselman

2. **Financial Review of Supplemental Sales Tax**

Motioned by Committee member Victor Popp, seconded by Committee member Michael Leahy, and passed unanimously.

**Ayes:** Jason Cox, Jim Fotinakes, Michael Leahy, Sarah Martin, Micheal McMahon, James Nunno, Victor Popp, Cheryl Thomas, Karli Twisselman

**G. COMMITTEEMEMBER COMMENTS**

Committee members were given the opportunity to share relevant comments.

**H. FINANCE DIRECTOR UPDATES**

Administrative Services Director provided general updates pertaining to the committee.

**I. CITY COUNCIL LIASON UPDATE**

City Council liaisons were given the opportunity to report on recent happenings within the City and to share any relevant information. City Council liaisons were not present during this part of the meeting. No information was received by the committee.

**J. ADJOURNMENT**

Motioned by Committee member Karli Twisselman, seconded by Committee member James Nunno, and passed unanimously at 6:18 PM to adjourn to the November 20, 2024, Supplemental Sales Tax Oversight Committee meeting.

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THESE MINUTES ARE NOT OFFICIAL OR A PERMANENT PART OF THE RECORDS UNTIL APPROVED  
BY THE CITY COUNCIL AT A FUTURE REGULAR MEETING



# Supplemental Sales Tax Oversight Committee Agenda Report

From: Ryan Cornell, Administrative Services Director

Subject: Financial Review of Supplemental Sales Tax

Date: November 20, 2024

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## Facts

1. In November 2012, the voters of Paso Robles approved Measure E-12 (E-12), a half-cent supplemental sales tax (SST), beginning on April 1, 2013, and ending on March 31, 2025.
2. Although E-12 is a general tax—meaning it can legally be used for a general government purpose—the tax was intended to fund the City’s street repair, maintenance, and rehabilitation projects.
3. Since inception, E-12 has provided funding for over 40 different road maintenance projects totaling over \$51.2 million, with an additional \$32.8 million committed towards uncompleted road maintenance projects.
4. On February 4, 2020, City Council approved the [Updated Six-Year Street Maintenance and Repair Plan](#) which outlines the specific street segments anticipated to be constructed over the remaining years of the E-12 SST.
5. In November 2020, the voters of Paso Robles approved Measure J-20, a one-cent SST, beginning on April 1, 2021, and ending on March 31, 2033. It has the potential to generate approximately \$12 million each year in sales tax revenues.
6. The main priorities for spending the Measure J-20 SST revenue—as approved by City Council in [Resolution 20-118](#)—are for fire and emergency services, police services, and street repair and maintenance.

## Analysis and Conclusions

### Measure E-12

The purpose of E-12 is to fund the City’s street maintenance and repair program. Attachment No. 1 provides an overview of the financial activity of E-12 since the City started collecting the additional tax in FY 2012-13. The City has received \$61.0 million since the tax has been in place, with 100% of the funds being spent directly on road rehabilitation.

The City has *completed* the following 29 projects, totaling \$42.9 million, or about \$3.9 million on average per year since the inception of Measure E-12, as shown below:

Project Name	E-12 SST	Other Sources	Total Project Cost
Professional Studies	\$ 141,249	\$ -	\$ 141,249
21 <sup>st</sup> St Green Update	454,300	-	454,300
13 <sup>th</sup> St Bridge Improvement	300,000	-	300,000
Spring Street (16 <sup>th</sup> to 24 <sup>th</sup> )	1,222,338	-	1,222,338

Project Name	E-12 SST	Other Sources	Total Project Cost
Country Club/Rolling Hills/S. River Road/Airport Roads	1,445,112	270,139	1,715,251
Walnut Drive/Jackson Dr/Shannon Hill	802,253	24,470	826,723
12 <sup>th</sup> St (Spring to Fresno)	1,672,856	1,122,389	2,795,245
Union Rd/Kleck/Montebello	285,000	-	285,000
Scott St (Creston to Airport)	1,693,911	25,326	1,719,237
Creston/Golden Hill/Oak Meadows	370,425	-	370,425
Union Road (Golden Hill/Hwy 46E)	264,772	734,375	999,147
Spring Street (1 <sup>st</sup> to 15 <sup>th</sup> )	4,011,841	53,068	4,064,909
Sherwood/Creston/Linne	2,390,119	-	2,390,119
Vine Street (1 <sup>st</sup> to 36 <sup>th</sup> )	603,617	-	603,617
Various Slurry/Chip Seal	1,893,896	-	1,893,896
13 <sup>th</sup> Street Pedestrian Improvements	183,156	1,147,635	1,330,791
East Side Street Light Rehabilitation	1,089,444	-	1,089,444
Union Road (along BSP)	1,672,764	196,976	1,869,740
Ramada Drive/Vendels Circle	355,385	-	355,385
Spring Street (24 <sup>th</sup> to 36 <sup>th</sup> )	2,779,965	44,360	2,824,325
Park/6 <sup>th</sup> /9 <sup>th</sup> /10 <sup>th</sup> Streets	652,378	786,860	1,439,238
Jardine Road	366,840	-	366,840
Olive/16 <sup>th</sup> /17 <sup>th</sup> /18 <sup>th</sup> /19 <sup>th</sup> /20 <sup>th</sup> Streets	980,000	641,471	1,621,471
Dry Creek Road	4,312,381	193,309	4,505,690
Rambouillet/Nicklaus-area	1,635,000	1,007,851	2,642,851
Melody Dr/Patricia Ln	2,027,513	-	2,027,513
Country Club-area	1,022,000	377,459	1,399,459
Oak Street, 2 <sup>nd</sup> , 3 <sup>rd</sup> , 26 <sup>th</sup> Streets	-	582,761	582,761
Appaloosa Drive	500,000	173,962	673,962
<b>Total Completed Projects</b>	<b>\$ 35,128,515</b>	<b>\$ 7,382,411</b>	<b>\$ 42,510,926</b>

There are 13 projects *currently underway* and budgeted in FY 2024-25:

Project Name	Total Project Budget	Expended-to-Date	Encumbered Contracts	Budget Remaining
Creston Road	\$ 12,669,751	\$ 5,439,697	\$ 7,230,054	\$ 7,230,054
24th St Bridge Rehabilitation	4,059,518	1,393,375	77,839	2,666,143
Rolling Hill Estates	1,200,000	1,111,478	-	88,522
17 <sup>th</sup> Street (Spring to Chestnut)	849,706	10,300	-	839,406
Riverside (17 <sup>th</sup> to 24 <sup>th</sup> Street)	1,200,000	48,268	-	1,151,732
Sherwood/Sierra Bonita/Turtle Creek	7,695,000	125,582	-	7,569,418
Sunset/Panorama Neighborhood	2,600,000	23,477	-	2,576,523
Elm Ct/Capitol Hill/Palm Ct	600,000	318,053	50,872	281,947
Golden Hill (Rolling Hill to Creston)	3,988,200	75,130	2,372,222	3,913,070
Merry Hill – 15 <sup>th</sup> St – Terrace Hill	640,000	37,869	41,047	602,131
Serenade/Holstein-Bahama/St Andrews	2,583,100	105,951	69,102	2,477,149
Melody Drive (east neighborhood)	3,094,800	33,320	74,643	3,061,480
13 <sup>th</sup> Street/Niblick Bridge Deck Resurface	310,000	-	-	310,000
<b>Total Projects in Progress</b>	<b>\$ 41,490,075</b>	<b>\$ 8,722,500</b>	<b>\$ 9,915,779</b>	<b>\$ 32,767,575</b>

And lastly, there are two *upcoming* projects for the remaining year of the E-12 SST as follows:

Project Name	FY 2025-26
Arciero Ct/Mesa Rd	1,425,000
Dallons/Tractor-area	1,890,000
<b>Total Upcoming Projects</b>	<b>\$ 3,315,000</b>

Measure J-20

Attachment No. 2 provides the overview of the financial activity of J-20 since inception. The City has received \$45.0 million in supplemental sales tax with \$24.8 million expended and an additional \$25.2 million appropriated for public safety and road maintenance and rehabilitation.

*Police Department*

The Police Department has expended approximately \$7.1 million of Measure J-20 funds since the tax has been implemented. Of which, \$3.2 million has been expended on police equipment, surveillance camera system upgrade, communication/dispatch replacement, automated license plate readers, etc. (roughly 45%), with the remaining \$3.9 million on a variety of additional police positions including police officers, sergeants and commanders, deputy police chief, dispatchers, dispatch supervisor, records supervisor, and the Chief’s administrative assistant. Taken together, Measure J-20 has provided funded for an additional 29 positions within the Police Department.

Recruiting for police officer positions has been very successful over the past three months. Even though more recently it has been challenging and slow, the City has had great success in sponsoring cadets through the police academy as well as attracting lateral officers. Measure J-20 funds 20 police officer positions, of which, four are currently working; eleven are currently in the academy, or is anticipated to go into the academy, with graduation expected at the end of 2024 and through the first and second quarter of 2025; and two additional lateral officers working their way through the recruitment process including background checks, psych exams, and the like. Taken together, that leaves three positions remaining (assuming all cadets and candidates mentioned above pass the academy and/or other recruiting items).

*Fire and Emergency Services*

The Fire and Emergency Services Department has expended \$14.3 million in Measure J-20 funds since inception, of which, approximately \$5.3 million has been spent on expanding fire and emergency services through the 16 additional positions authorized. The Staffing for Adequate Fire and Emergency Response (SAFER) grant—the grant that assisted the City in initially hiring nine firefighters has ended—so Measure J-20 is fully funding these positions moving forward. And lastly, the Department has expended \$6.7 million towards Fire Station No. 3, with approximately \$200,000 expected to be expended in the current year.

For the upcoming year, the department added one Training Officer position which will be a specialty assignment for a current Fire Captain. And now that Fire Station No. 3 is fully operational, the staff is working on the design and construction of a training tower adjacent to the new fire station.

*Street and Road Maintenance*

Measure J-20 provides funding for two additional street maintenance personnel. The two positions were onboarded with the City at the end of August and to-date have expended approximately \$45,000 towards these positions. Lastly, given the significant increases in construction pricing, Measure J-20 has allowed

for already approved projects to be fully funded, even though most projects exceed engineer's estimates. That being said, the City has appropriated \$9.9 million of Measure J-20 funds towards the City's Road Maintenance Projects (as discussed earlier in the report).

**Fiscal Impact**

None

**Recommendation**

Receive and file this report.

**Attachments**

1. Measure E-12 Financial Activity Report
2. Measure J-20 Financial Activity Report
3. Sales Tax Update Quarter 2 2024 (April-June)
4. HdL Companies California Forecast Sales Tax Trends & Economic Drivers September 2024



CITY OF PASO ROBLES

ROAD MAINTENANCE AND REHABILITATION PROGRAM

Financial Activity

Inception-to-Date

	Actual											2024-25				2025-26	Total		
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Budget	Actual-to-Date	Remaining			% Used	
<b>Measure E-12 Sales Tax Revenue</b>	578,836	4,475,073	4,642,539	4,526,680	4,596,531	5,022,128	5,122,785	4,861,231	5,790,874	6,926,178	6,694,444	6,765,568	5,046,000	985,154	4,060,846	19.5%	-	65,048,867	
<b>Completed Projects</b>																			
Misc Professional Studies	140,163	303	783	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	141,249
C0028 - 21st St Green Update	-	454,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	454,300
X0008 - 13th St Bridge Improvement	-	-	300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300,000
C0045 - Spring St (16th to 24th)	-	691	1,165,044	56,603	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,222,338
C0046 - Country Club/Rolling Hills/South Riv	-	297,396	1,417,280	575	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,715,251
Transfer from General Fund	-	(270,139)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(270,139)
Net Project C0046	-	27,257	1,417,280	575	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,445,112
C0050 - Walnut/Jackson/Shannon Hill	-	8,360	6,239	812,124	-	-	-	-	-	-	-	-	-	-	-	-	-	-	826,723
State Grant to Project C0050	-	-	-	(24,470)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(24,470)
Net Project C0050	-	8,360	6,239	787,654	-	-	-	-	-	-	-	-	-	-	-	-	-	-	802,253
C0053 - 12th St (Spring to Fresno)	-	107,232	189,928	2,364,625	122,701	7,022	3,737	-	-	-	-	-	-	-	-	-	-	-	2,795,245
State Grant to Project C0053	-	-	-	(1,042,600)	(16,583)	(62,974)	-	-	-	-	-	-	-	-	-	-	-	-	(1,122,157)
Misc Revenue to Project C0053	-	-	-	(232)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(232)
Net Project C0053	-	107,232	189,928	1,321,793	106,118	(55,952)	3,737	-	-	-	-	-	-	-	-	-	-	-	1,672,856
C0054 - Union Rd/Kleck/Montebello	-	285,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	285,000
C0055 - Scott St Creston/Airport	-	45,574	63,200	1,600,873	9,590	-	-	-	-	-	-	-	-	-	-	-	-	-	1,719,237
State Grant to Project C0055	-	-	-	(24,920)	(350)	-	-	-	-	-	-	-	-	-	-	-	-	-	(25,270)
Misc Revenue to Project C0055	-	-	-	(56)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(56)
Net Project C0055	-	45,574	63,200	1,575,897	9,240	-	-	-	-	-	-	-	-	-	-	-	-	-	1,693,911
C0056 - Creston/Golden Hill/Oak Meadows	-	73,246	4,492	13,722	278,965	-	-	-	-	-	-	-	-	-	-	-	-	-	370,425
C0057 - Union Rd (Golden Hill/Hwy 46)	-	35,741	1,619	62,866	898,921	-	-	-	-	-	-	-	-	-	-	-	-	-	999,147
State Grant to Project C0057	-	-	-	(14,900)	(3,690)	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,590)
Federal Grant to Project C0057	-	-	-	-	(715,785)	-	-	-	-	-	-	-	-	-	-	-	-	-	(715,785)
Net Project C0057	-	35,741	1,619	47,966	179,446	-	-	-	-	-	-	-	-	-	-	-	-	-	264,772
C0058 - Spring St (1st to 15th)	-	36,912	27,813	283,809	3,406,102	298,589	11,684	-	-	-	-	-	-	-	-	-	-	-	4,064,909
State Grant to Project C0058	-	-	-	-	-	(53,009)	-	-	-	-	-	-	-	-	-	-	-	-	(53,009)
Misc Revenue to Project C0058	-	-	-	-	(59)	-	-	-	-	-	-	-	-	-	-	-	-	-	(59)
Net Project C0058	-	36,912	27,813	283,809	3,406,043	245,580	11,684	-	-	-	-	-	-	-	-	-	-	-	4,011,841
C0060 - Sherwood/Creston/Linne	-	41,802	755	4,805	89,273	523,495	1,729,989	-	-	-	-	-	-	-	-	-	-	-	2,390,119
C0062 - Vine St (1st to 36th)	-	76,435	13,550	-	49,514	96,871	367,247	-	-	-	-	-	-	-	-	-	-	-	603,617
C0085 - Annual Slurry Seal/Chip Seal	-	-	-	-	393,396	720,439	425,825	354,236	-	-	-	-	-	-	-	-	-	-	1,893,896
C0105 - 13th Street Pedestrian Imp.	-	-	-	-	28,566	71,869	863,447	366,909	-	-	-	-	-	-	-	-	-	-	1,330,791
State Grant to Project C0105	-	-	-	-	-	(22,818)	(223,864)	(373,753)	-	-	-	-	-	-	-	-	-	-	(620,435)
Transfer from Gas Tax Fund	-	-	-	-	-	-	(250,000)	-	-	-	-	-	-	-	-	-	-	-	(250,000)
Transfer from SB 1 Fund	-	-	-	-	-	-	(277,200)	-	-	-	-	-	-	-	-	-	-	-	(277,200)
Net Project C0105	-	-	-	-	28,566	49,051	112,383	(6,844)	-	-	-	-	-	-	-	-	-	-	183,156
C0106 - East Side Light Rehabilitation	-	-	-	-	28,739	943,307	117,398	-	-	-	-	-	-	-	-	-	-	-	1,089,444
C0119 - Union Road along BSP	-	-	-	-	-	11,779	157,409	1,340,159	360,393	-	-	-	-	-	-	-	-	-	1,869,740
Misc Revenue to Project C0119	-	-	-	-	-	-	(150,000)	-	(46,976)	-	-	-	-	-	-	-	-	-	(196,976)
Net Project C0119	-	-	-	-	-	11,779	7,409	1,340,159	313,417	-	-	-	-	-	-	-	-	-	1,672,764
C0139 - Ramada Drive/Vendels Circle Rd	-	-	-	-	-	-	355,385	-	-	-	-	-	-	-	-	-	-	-	355,385
C0061 - Spring St (24th to 36th)	-	-	-	-	24	9,389	20,385	530,851	2,257,974	5,702	-	-	-	-	-	-	-	-	2,824,325
State Grant to Project C0061	-	-	-	-	-	-	-	-	-	(44,360)	-	-	-	-	-	-	-	-	(44,360)
Net Project C0061	-	-	-	-	24	9,389	20,385	530,851	2,257,974	(38,658)	-	-	-	-	-	-	-	-	2,779,965
C0143 - West Side Road Repairs	-	-	-	-	-	-	47,125	52,632	1,274,617	64,864	-	-	-	-	-	-	-	-	1,439,238
State Grant to Project C0143	-	-	-	-	-	-	-	-	(37,000)	(1,360)	-	-	-	-	-	-	-	-	(38,360)
Transfer from Gas Tax Fund	-	-	-	-	-	-	-	-	(118,500)	-	-	-	-	-	-	-	-	-	(118,500)
Transfer from SB 1 Fund	-	-	-	-	-	-	-	-	(630,000)	-	-	-	-	-	-	-	-	-	(630,000)
Net Project C0143	-	-	-	-	-	-	47,125	52,632	489,117	63,504	-	-	-	-	-	-	-	-	652,378
C0159 - Jardine Road Pavement Repairs	-	-	-	-	-	-	-	-	-	366,840	-	-	-	-	-	-	-	-	366,840
C0163 - Olive/16th-20th Street Repairs	-	-	-	-	-	-	-	-	119,249	1,486,722	15,500	-	-	-	-	-	-	-	1,621,471
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	(625,971)	(15,500)	-	-	-	-	-	-	-	(641,471)
Net Project C0163	-	-	-	-	-	-	-	-	119,249	860,751	-	-	-	-	-	-	-	-	980,000
C0110 - Dry Creek Road Improvements	-	-	-	-	-	102,494	134,414	230,387	2,940,745	1,042,725	54,925	-	-	-	-	-	-	-	4,505,690

**CITY OF PASO ROBLES**  
**ROAD MAINTENANCE AND REHABILITATION PROGRAM**  
 Financial Activity  
 Inception-to-Date

	Actual												2024-25				2025-26	Total
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Budget	Actual-to-Date	Remaining	% Used		
Misc Revenue to Project C0110	-	-	-	-	-	-	-	-	(140,169)	(53,140)	-	-	-	-	-	-	-	(193,309)
Net Project C0110	-	-	-	-	-	102,494	134,414	230,387	2,800,576	989,585	54,925	-	-	-	-	-	-	4,312,381
C0162 - Rambouillet/Nicklaus Area	-	-	-	-	-	-	-	-	134,353	2,508,489	9	-	-	-	-	-	-	2,642,851
Transfer from SB 1 Fund	-	-	-	-	-	-	-	-	-	(500,000)	-	-	-	-	-	-	-	(500,000)
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	(507,842)	(9)	-	-	-	-	-	-	(507,851)
Net Project C0162	-	-	-	-	-	-	-	-	134,353	1,500,647	-	-	-	-	-	-	-	1,635,000
C0176 - Appaloosa Dr	-	-	-	-	-	-	-	-	-	21,313	652,649	-	-	-	-	-	-	673,962
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	(173,962)	-	-	-	-	-	-	(173,962)
Net Project C0176	-	-	-	-	-	-	-	-	-	21,313	478,687	-	-	-	-	-	-	500,000
C0177 - Melody Dr/Patricia Ln	-	-	-	-	-	-	-	-	-	67,321	1,960,192	-	-	-	-	-	-	2,027,513
C0197 - Country Club Area	-	-	-	-	-	-	-	-	-	86,710	1,312,749	-	-	-	-	-	-	1,399,459
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	(377,459)	-	-	-	-	-	-	(377,459)
Net Project C0197	-	-	-	-	-	-	-	-	-	86,710	935,290	-	-	-	-	-	-	1,022,000
C0216 - West Side Slurry/Chip Seal	-	-	-	-	-	-	-	-	-	-	39,418	543,343	-	-	-	-	-	582,761
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	(39,418)	(543,343)	-	-	-	-	-	(582,761)
Net Project West Side Slurry/Chip Seal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Completed Projects</b>	<b>140,163</b>	<b>1,192,853</b>	<b>3,190,703</b>	<b>4,092,824</b>	<b>4,569,324</b>	<b>2,646,453</b>	<b>3,332,981</b>	<b>2,501,421</b>	<b>6,114,686</b>	<b>3,918,013</b>	<b>3,429,094</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,128,515</b>
<b>Projects in Progress</b>																		
C0059 - Creston Rd	-	211,494	17,798	35,099	88,133	872,865	455,250	107,894	38,367	46,403	337,674	1,849,556	8,609,218	1,379,164	7,230,054	16.0%	-	12,669,751
State Grant to Project C0059	-	-	-	-	(75,510)	(91,103)	(18,388)	-	-	-	-	(405,922)	(378,578)	-	(378,578)	0.0%	-	(969,501)
Transfer from Gas Tax Fund	-	-	-	-	-	-	-	-	-	-	-	-	(500,000)	-	(500,000)	0.0%	-	(500,000)
Transfer from SB 1 Fund	-	-	-	-	-	-	-	-	-	-	-	-	(610,700)	-	(610,700)	0.0%	-	(610,700)
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	-	-	(1,262,300)	-	(1,262,300)	0.0%	-	(1,262,300)
Net Project C0059	-	211,494	17,798	35,099	12,623	781,762	436,862	107,894	38,367	46,403	337,674	1,443,634	5,857,640	1,379,164	4,478,476	23.5%	-	9,327,250
C0084 - 24th St Bridge Rehabilitation	-	-	-	31	128,728	186,869	120,050	206,322	83,198	140,945	420,542	89,481	2,683,352	17,209	2,666,143	0.6%	-	4,059,518
Federal Grant to Project C0084	-	-	-	-	(107,279)	(106,199)	(125,377)	(99,229)	(187,078)	(95,368)	(219,357)	(46,766)	(1,617,061)	(95,477)	(1,521,584)	5.9%	-	(2,603,714)
Transfer from General Fund	-	-	-	-	-	-	-	-	-	-	(125,773)	-	(800,000)	-	(800,000)	0.0%	-	(925,773)
Transfer from TIF Fund	-	-	-	-	-	-	-	-	-	-	-	-	(220,000)	-	(220,000)	0.0%	-	(220,000)
Net Project C0084	-	-	-	31	21,449	80,670	(5,327)	107,093	(103,880)	45,577	75,412	42,715	46,291	(78,268)	124,559	-169.1%	-	310,031
C0178 - Rolling Hill Estates	-	-	-	-	-	-	-	-	-	24,365	12,195	1,074,918	88,522	-	88,522	0.0%	-	1,200,000
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	-	(61,478)	(88,522)	-	(88,522)	0.0%	-	(150,000)
Net Project C0178	-	-	-	-	-	-	-	-	-	24,365	12,195	1,013,440	-	-	-	n/a	-	1,050,000
C0205 - 17th Street (Chestnut to Spring)	-	-	-	-	-	-	-	-	-	-	10,300	-	839,406	-	839,406	0.0%	-	849,706
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	(10,300)	-	(839,406)	-	(839,406)	0.0%	-	(849,706)
Net Project 17th Street	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	-	-
C0208 - Riverside - 17th to 24th	-	-	-	-	-	-	-	-	-	-	46,444	1,400	1,152,156	424	1,151,732	0.0%	-	1,200,000
C0209 - Sherwood/Sierra Bonita/Turtle Cree	-	-	-	-	-	-	-	-	-	-	103,246	22,173	7,569,581	163	7,569,418	0.0%	-	7,695,000
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	-	-	(2,565,000)	-	(2,565,000)	0.0%	-	(2,565,000)
Net Project Sherwood/Sierra Bonita/Turtle	-	-	-	-	-	-	-	-	-	-	103,246	22,173	5,004,581	163	5,004,418	0.0%	-	5,130,000
C0215 - Sunset/Panorama Street	-	-	-	-	-	-	-	-	-	-	17,681	3,255	2,579,064	2,541	2,576,523	0.1%	-	2,600,000
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	(17,681)	(3,255)	(2,579,064)	-	(2,579,064)	0.0%	-	(2,600,000)
Net Project 17th Street	-	-	-	-	-	-	-	-	-	-	-	-	-	2,541	(2,541)	n/a	-	-
C0223 - Elm Court, Capitol Hill, Palm Court	-	-	-	-	-	-	-	-	-	-	-	38,077	561,923	279,976	281,947	49.8%	-	600,000
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	-	-	(150,000)	-	(150,000)	0.0%	-	(150,000)
Net Project Elm Ct, Capital Hill, Palm Ct	-	-	-	-	-	-	-	-	-	-	-	38,077	411,923	279,976	131,947	68.0%	-	450,000
C0224 - Golden Hill - Rolling Hills to Creston	-	-	-	-	-	-	-	-	-	-	-	75,130	3,913,070	-	3,913,070	0.0%	-	3,988,200
Transfer from SB 1 Fund	-	-	-	-	-	-	-	-	-	-	-	-	(1,018,900)	-	(1,018,900)	0.0%	-	(1,018,900)
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	-	-	(250,000)	-	(250,000)	0.0%	-	(250,000)
Net Project Golden Hill	-	-	-	-	-	-	-	-	-	-	-	75,130	2,644,170	-	2,644,170	0.0%	-	2,719,300
C0225 - Merry Hill - 15th Street - Terrace Hill	-	-	-	-	-	-	-	-	-	-	-	26,439	613,561	11,430	602,131	1.9%	-	640,000
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	-	-	(150,000)	-	(150,000)	0.0%	-	(150,000)
Net Project Merry Hill	-	-	-	-	-	-	-	-	-	-	-	26,439	463,561	11,430	452,131	2.5%	-	490,000
C0226 - Serenade/Holstein-Bahama/St Andri	-	-	-	-	-	-	-	-	-	-	-	72,128	2,510,972	33,823	2,477,149	1.3%	-	2,583,100
Transfer from SB 1 Fund	-	-	-	-	-	-	-	-	-	-	-	-	(1,526,200)	-	(1,526,200)	0.0%	-	(1,526,200)
Net Project Serenade	-	-	-	-	-	-	-	-	-	-	-	72,128	984,772	33,823	950,949	3.4%	-	1,056,900
C0234 - Melody Drive	-	-	-	-	-	-	-	-	-	-	-	-	3,094,800	33,320	-	-	-	3,094,800

**CITY OF PASO ROBLES**

ROAD MAINTENANCE AND REHABILITATION PROGRAM

Financial Activity

Inception-to-Date

	Actual											2024-25				2025-26	Total	
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Budget	Actual-to-Date	Remaining			% Used
13th St/Niblick Bridge Deck Resurface	-	-	-	-	-	-	-	-	-	-	-	-	310,000	-	310,000	0.0%	3,000,000	3,310,000
State Grant to Project C0137	-	-	-	-	-	-	-	-	-	-	-	-	(240,000)	-	(240,000)	0.0%	(2,000,000)	(2,240,000)
Net Project C0137	-	-	-	-	-	-	-	-	-	-	-	-	70,000	-	70,000	0.0%	1,000,000	1,070,000
<b>Total Projects in Progress</b>	-	211,494	17,798	35,130	34,072	862,432	431,535	214,987	(65,513)	116,345	574,971	2,735,136	19,729,894	1,662,573	15,005,841	8.4%	1,000,000	25,898,281
<b>Upcoming Projects</b>																		
C0221 - Arciero Ct/Mesa Rd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,425,000	1,425,000
Transfer from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(150,000)	(150,000)
Net Project Arciero Ct/Mesa Rd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,275,000	1,275,000
C0222 - Dallons/Tractor Area	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,890,000	1,890,000
Transfer from SB 1 Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(842,600)	(842,600)
Net Project Dallons/Tractor Area	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,047,400	1,047,400
<b>Total Projects Upcoming</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,322,400	2,322,400
<b>Total Net Project Costs</b>	140,163	1,404,347	3,208,501	4,127,954	4,603,396	3,508,885	3,764,516	2,716,408	6,049,173	4,034,358	4,004,065	2,735,136	19,729,894	1,662,573	15,005,841	8.4%	3,322,400	63,349,196
<b>Summary</b>																		
Measure E-12 Supplemental Sales Tax	578,836	4,475,073	4,642,539	4,526,680	4,596,531	5,022,128	5,122,785	4,861,231	5,790,874	6,926,178	6,694,444	6,765,568	5,046,000	985,154	4,060,846	19.5%	-	65,048,867
Federal Grants	-	-	-	-	823,064	106,199	125,377	99,229	187,078	95,368	219,357	46,766	1,617,061	95,477	1,521,584	5.9%	-	3,319,499
State Grants	-	-	-	1,106,890	96,133	229,904	242,252	373,753	37,000	45,720	-	405,922	618,578	-	618,578	0.0%	2,000,000	5,156,152
Transfers from General Fund	-	270,139	-	-	-	-	-	-	-	-	125,773	-	800,000	-	800,000	0.0%	-	1,195,912
Transfers from Measure J-20 Fund	-	-	-	-	-	-	-	-	-	1,133,813	634,329	608,076	7,884,292	-	7,884,292	0.0%	150,000	10,410,510
Transfers from Gas Tax Fund	-	-	-	-	-	-	250,000	-	118,500	-	-	-	500,000	-	500,000	0.0%	-	868,500
Transfers from SB 1 Fund	-	-	-	-	-	-	277,200	-	630,000	500,000	-	-	3,155,800	-	3,155,800	0.0%	842,600	5,405,600
Transfers from TIF Fund	-	-	-	-	-	-	-	-	-	-	-	-	220,000	-	220,000	0.0%	-	220,000
Misc Revenue	-	-	-	288	59	-	150,000	-	187,145	53,140	-	-	-	-	-	n/a	-	390,632
<b>Total Funding Sources</b>	578,836	4,745,212	4,642,539	5,633,858	5,515,787	5,358,231	6,167,614	5,334,213	6,950,597	8,754,219	7,673,903	7,826,332	19,841,731	1,080,631	18,761,100	5.4%	2,992,600	92,015,672
<b>Project Expense</b>	(140,163)	(1,674,486)	(3,208,501)	(5,235,132)	(5,522,652)	(3,844,988)	(4,809,345)	(3,189,390)	(7,208,896)	(5,862,399)	(4,983,524)	(3,795,900)	(34,525,625)	(1,758,050)	(32,767,575)	5.1%	(6,315,000)	(90,316,001)
<b>Measure E-12 Fund Balance</b>	438,673	3,509,399	4,943,437	5,342,163	5,335,298	6,848,541	8,206,810	10,351,633	10,093,334	12,985,154	15,675,533	19,705,965	5,022,071	19,028,546			1,699,671	

**CITY OF PASO ROBLES**  
**MEASURE J-20 SUPPLEMENTAL SALES TAX**  
 Financial Activity  
 Inception-to-Date

	Actual				2024-25			
	2020-21	2021-22	2022-23	2023-24	Budget	YTD-Actual	Budget Remaining	% Used
<b>Measure J-20 Supplemental Sales Tax<sup>1</sup></b>	3,080,064	13,142,001	13,327,879	13,509,741	13,375,500	1,980,254	11,395,246	14.8%
Investment Income/(Loss)	7,246	(250,162)	68,260	731,173	80,000	(106,066)	186,066	-132.6%
Other Miscellaneous Revenue	-	-	-	4,096	-	-	-	n/a
<b>Total Revenues</b>	<b>3,087,310</b>	<b>12,891,839</b>	<b>13,396,139</b>	<b>14,245,010</b>	<b>13,455,500</b>	<b>1,874,188</b>	<b>11,581,312</b>	<b>13.9%</b>
<b>Police Department</b>								
Public Safety 911 Equipment	1,216,570	-	131,374	-	-	-	-	n/a
Automated License Plate Reader System	100,455	-	-	-	-	-	-	n/a
Police Officers	-	159,619	642,495	1,156,781	3,992,600	400,132	3,592,468	10.0%
Sergeants	-	-	-	181,832	362,200	-	362,200	0.0%
Commander	-	-	-	162,514	317,100	88,956	228,144	28.1%
Deputy Police Chief	-	-	-	-	-	-	-	n/a
Dispatchers	-	-	37,339	180,806	145,900	77,895	68,005	53.4%
Dispatch Supervisor	57,507	174,639	175,501	60,572	169,700	-	169,700	0.0%
Records Supervisor	-	-	-	90,290	118,600	35,371	83,229	29.8%
Administrative Assistant <sup>2</sup>	-	23,625	77,655	111,032	126,800	38,278	88,522	30.2%
Lateral Hiring Incentive	-	-	-	30,000	270,000	-	270,000	0.0%
Vehicle & Personnel Protective Equipment	-	62,404	507,101	542,717	177,000	55,862	121,138	31.6%
PSC Camera System Upgrade	-	-	190,656	85,930	-	-	-	n/a
Police Substation/Evidence Storage Design	-	143,972	122,048	-	2,324,980	-	2,324,980	0.0%
Standards of Coverage Study	-	-	-	-	150,000	-	150,000	0.0%
Marketing Recruitment Firm	-	-	-	-	70,000	-	70,000	0.0%
Operating Expenses	-	-	-	-	25,000	-	25,000	0.0%
<b>Total Police Department</b>	<b>1,374,532</b>	<b>564,258</b>	<b>1,884,169</b>	<b>2,602,474</b>	<b>8,249,880</b>	<b>696,494</b>	<b>7,553,386</b>	<b>8.4%</b>
<b>Fire and Emergency Services</b>								
Firefighters	95,096	598,356	1,601,606	1,957,257	2,164,000	728,173	1,435,827	33.6%
Administrative Captain	-	71,712	242,347	257,170	263,800	83,032	180,768	31.5%
Administrative Captain - Training Officer	-	-	-	-	215,200	26,976	188,224	12.5%
Deputy Fire Chief	-	-	125,417	307,772	311,400	121,246	190,154	38.9%
Fire Prevention Specialist	-	-	-	135,637	164,000	48,983	115,017	29.9%
Federal SAFER Grant	(95,138)	(355,890)	(247,308)	(394,030)	-	-	-	n/a
Federal COVID Grant	(1,022)	(2,874)	-	-	-	-	-	n/a
Vehicle & Personnel Protective Equipment	7,074	43,018	160,500	2,058,636	59,000	9,974	49,026	16.9%
Fire Station No. 3	-	1,741,151	4,484,428	517,833	239,440	-	239,440	0.0%
Training Tower	-	-	-	12,722	2,987,278	-	2,987,278	0.0%
Ambulance and Medical Transport Services	-	-	-	-	50,000	-	50,000	0.0%
Operating Expenses	-	-	-	-	82,000	-	82,000	0.0%
<b>Total Fire and Emergency Services</b>	<b>6,010</b>	<b>2,095,473</b>	<b>6,366,990</b>	<b>4,852,997</b>	<b>6,536,118</b>	<b>1,018,384</b>	<b>5,517,734</b>	<b>15.6%</b>
<b>Street and Road Maintenance</b>								
Streets Maintenance Personnel	13,487	153,121	118,752	143,003	416,100	44,904	371,196	10.8%
Operating Expenses	-	70	-	-	-	-	-	n/a
Various Traffic Sign/Striping Improvements	-	-	441,032	35,256	123,712	-	123,712	0.0%
Transfer to Measure E-12 Street Program	-	1,133,813	634,329	608,076	9,884,292	-	9,884,292	0.0%
<b>Total Street and Road Maintenance</b>	<b>13,487</b>	<b>1,287,004</b>	<b>1,194,113</b>	<b>786,335</b>	<b>10,424,104</b>	<b>44,904</b>	<b>10,379,200</b>	<b>0.4%</b>
<b>Total Net Measure J-20 Expenditures</b>	<b>1,394,029</b>	<b>3,946,735</b>	<b>9,445,273</b>	<b>8,241,806</b>	<b>25,210,102</b>	<b>1,759,782</b>	<b>23,450,320</b>	<b>7.0%</b>
<b>Measure J-20 Fund Balance</b>	<b>1,693,281</b>	<b>10,638,384</b>	<b>14,589,251</b>	<b>20,592,455</b>	<b>8,837,853</b>	<b>20,706,861</b>	<b>11,869,008</b>	

Notes to the schedule above:

- 1 - The City receives it's sales tax allocation two months after the end of the period.
- 2 - In FY 2022-23, the records clerk position was reclassified to the chief's administrative assistant position.

# CITY OF PASO ROBLES

## SALES TAX UPDATE

### 2Q 2024 (APRIL - JUNE)



#### PASO ROBLES

TOTAL: \$ 3,533,949

0.9%

2Q2024



-0.5%

COUNTY



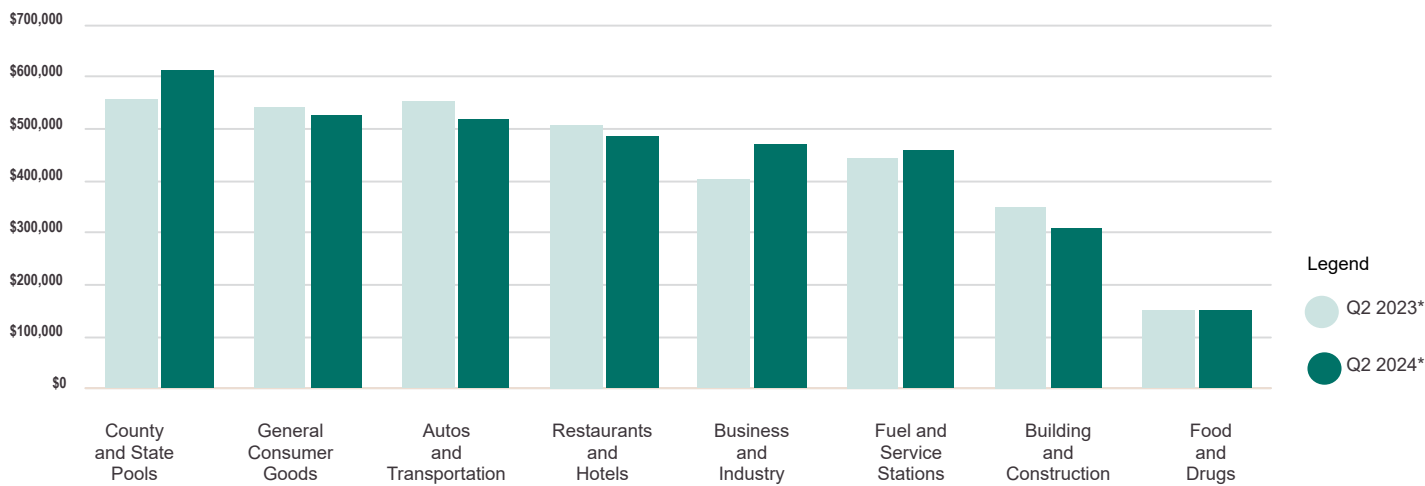
-0.7%

STATE



*\*Allocation aberrations have been adjusted to reflect sales activity*

#### SALES TAX BY MAJOR BUSINESS GROUP



#### Measure E 12

TOTAL: \$1,752,504

0.3%

#### Measure J20

TOTAL: \$3,504,311

0.3%



#### CITY OF PASO ROBLES HIGHLIGHTS

Paso Robles's receipts from April through June were 1.9% higher than the same period in 2023. After adjusting for reporting anomalies, actual sales rose by 0.9%.

A key factor in this increase was a taxpayer misallocation in the winery sector that boosted results. However, another misallocation in the building materials category artificially lowered those results, partially offsetting the positive impact of the first error.

Other contributing factors to this quarter's improvement included a tax payment related to equipment purchases for a local building project, and the City's

share of the countywide use-tax pool was also boosted by the earlier misallocation.

On the downside, new car sales were lower as consumers grew hesitant due to high prices and tight credit conditions.

Measures E-12 and J-20 showed slightly smaller gains than Bradley-Burns returns because they did not benefit from the winery misallocation.

Excluding anomalies, taxable sales across San Luis Obispo County declined by 0.5%, while the Central Coast region saw a modest 0.5% increase over the same period.



#### TOP 25 PRODUCERS

- |                                |                       |
|--------------------------------|-----------------------|
| 1 Stop                         | Kia of Paso Robles    |
| ABC Supply Co                  | Lowes                 |
| Albertsons                     | McDonald's            |
| All State Utility Supply       | Mullahey Chrysler     |
| Arco AM PM                     | Dodge Jeep Ram        |
| Borjon Auto Center             | Paso Robles Chevrolet |
| Buick GMC                      | Paso Robles Ford      |
| Buttonwillow Warehouse Company | Ross                  |
| Crop Production Services       | Sky River RV          |
| Eagle Energy 76                | Smart & Final         |
| Firestone Walker Brewery       | Target                |
| JB Dewar                       | TJ Maxx               |
| Justin Vineyards & Winery      | VP Racing Fuels       |
|                                | Walmart               |



**STATEWIDE RESULTS**

California’s local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it’s only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

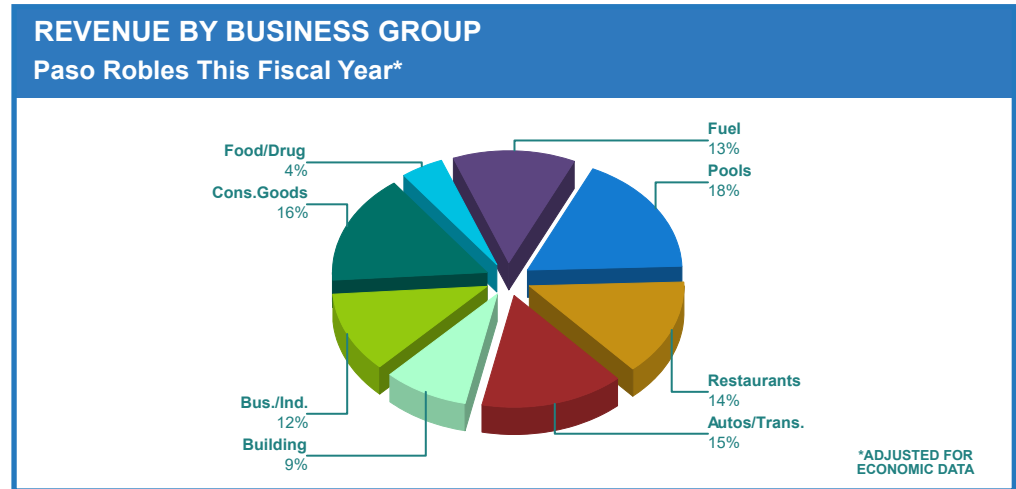
Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men’s and women’s apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper’s preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted – state law increasing California’s minimum wage at designated eateries – third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Paso Robles Business Type	Q2 '24*	Change	County Change	HdL State Change
Service Stations	401.5	3.6% ↑	2.2% ↑	2.3% ↑
New Motor Vehicle Dealers	321.0	-7.5% ↓	6.8% ↑	-7.8% ↓
Casual Dining	241.4	-5.0% ↓	-3.4% ↓	0.7% ↑
Building Materials	205.5	-13.6% ↓	-7.6% ↓	-3.1% ↓
Quick-Service Restaurants	119.5	-5.1% ↓	-2.5% ↓	1.2% ↑
Garden/Agricultural Supplies	110.2	4.3% ↑	-5.9% ↓	-6.9% ↓
Wineries	106.5	87.7% ↑	2.9% ↑	-4.9% ↓
Grocery Stores	91.7	-1.2% ↓	0.5% ↑	1.6% ↑
Automotive Supply Stores	70.4	-0.4% ↓	-0.5% ↓	-3.3% ↓
Family Apparel	67.9	-0.5% ↓	-1.9% ↓	0.9% ↑

\*Allocation aberrations have been adjusted to reflect sales activity \*In thousands of dollars

# CALIFORNIA FORECAST

SALES TAX TRENDS & ECONOMIC DRIVERS  
SEPTEMBER 2024



*Sierra Nevada Mountains*



**Hdl** Companies

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**Overview:** The September Federal Funds rate reduction was an economic signal that inflation is coming in near expectations while the labor market weakened over recent months. This action may spur some changes in consumer spending patterns, but overall does not translate into a short-term burst in sales taxes. As the important holiday shopping season approaches, expectations are that buyers will start outlays sooner. Some consumers are expected to spend less as stubborn inflated prices for household obligations (utilities, insurance, and food) take priority over procurement of non-essential and gift items. The current year's minute increase will not recapture the (-1.3%) FY 2023-24 statewide decline; thus, anticipate a slow rise in revenues over the next two years.

2024/25 | 2025/26

2024/25 | 2025/26



**Autos/Transportation**

-0.4% | 3.5%

Tax receipts from vehicle sales continued to decline, normalizing after a period of unusually strong growth that peaked in 2022. Luxury vehicles have been hit hardest, driving a sharper drop in overall car sales. The industry remains burdened by elevated prices, high interest rates, and a challenging economic environment. While the stock market is once again nearing new all-time highs, the bond market has stabilized. Acknowledging that the Federal Reserve began cutting interest rates, recovery in the sector is likely to be gradual. Additional setbacks, such as a cyberattack on automobile dealerships that disrupted transactions during the critical two weeks before the July 4th holiday sales weekend, are expected to obscure any early signs of improvement.



**Fuel/Service Stations**

-3.9% | 2.0%

Most factors in this sector sustained downward pressure in 2Q24. Of note, the consumption of motor vehicle gasoline measured in gallons sold has declined 13% since the peak level in 2018. Crude and pump prices are dropping based on weaker demand in China and record levels of California fuel supplies on hand. OPEC is planning to hold current production cuts steady until the end of calendar year 2024. This has not offset impact as West Texas Intermediate barrel prices have dropped to the lowest levels since December 2021. Given these price contractions, our forecast reflects a significant reduction in the associated sales tax in the final two calendar quarters of 2024. Predictions for 2025 show a gradual boost in fuel related taxes.



**Building/Construction**

-0.5% | 4.0%

Second quarter 2024 results reflected several changes that lowered sales. Big box home improvement stores saw a sharper downturn as homeowners continue to suspend big-ticket purchases. Lumber and roofing suppliers in some areas are losing sales volume as roofing and general construction projects appear to be slowing. The backlog of contracts to install residential rooftopsolar projects following the change in the net metering fee structure two years ago is also winding down, cutting demand for materials. Infrastructure projects using concrete and asphalt products held steady, but some regions are sluggish. With interest rates falling in the short term, the construction industry does not expect this decline will be enough to prompt an uptick in activity.



**General Consumer Goods**

-0.6% | 1.3%

Direct sales tax allocations contracted in the second quarter following a soft downward revision to first quarter data from general retailers. Through the first six months of 2024, general consumer goods declined (-1.2%) compared to the prior year. While consumers remain resilient in this space, broadening of online shopping behaviors and bigger in-state fulfillment shifted allocations to other sectors. Additionally, many segments experienced deflationary pressures resulting in lower sales tax, absent substantial demand expansion. Key indicators include elevated levels of non-discretionary spending, mild personal income gains, and the expectancy for households to attempt to rebuild savings; all of which keep pressure on consumer spending habits. The short-term outlook foresees a tightening in receipts throughout the remainder of the calendar year.



**Business/Industry**

2.2% | 2.6%

Consumers continue to embrace the convenience of shopping online, with ecommerce sales rising and more "local" orders filled from CA-based fulfillment centers, comprising a stunning 30% of total B&I revenues. Solar/energy projects created significant gains in the recent quarter. However, medical-biotech, business-to-business, and heavy industrial sales remained relatively flat or declined as economic variables stunted potential growth. Farm/construction equipment, garden/agricultural supplies and IT-related office purchases were also sluggish. Given this group's diversity, growth rates reflect modest expansion. With twenty-one unique tax segments, predictions vary widely based on the size and character of local businesses.



**Restaurants/Hotels**

1.7% | 3.5%

Menu price increases led to an obvious impact on consumer behavior as foot traffic to restaurants was down about 2.5%. The noticeable shift towards value offerings saw consumers showing resistance to high menu prices. Overall, while some eateries are struggling with fewer patrons, others are finding ways to attract customers by balancing price increases with value and experience. Hotels saw a slow but steady increase in occupancy rates while navigating cost pressures and changing consumer behaviors. Growth in both segments was offset by these persistent challenges.



**Food/Drugs**

-0.6% | 1.5%

Grocery stores' profits rose 1.8% in 2Q24 as several businesses introduced new private label items to provide customers with a greater selection and find more value for their money. Convenience-liquor stores felt soft revenues and revealed fewer transactions on discretionary items such as liquor and snack foods. Cannabis returns had a sharp (-10.8%) decline as the price of cannabis products hit a low in the market. Further, closure of more drug stores throughout the state forced customers to shop at alternative retailers for their traditional drug stores merchandise. Last year finished -2.8%; anticipate the fiscal year 2024-25 to remain flat.



**State and County Pools**

2.5% | 3.0%

The taxes remitted to the pools over the last fiscal year declined 1%. Of note, pools remain the largest tax generator of the eight categories highlighted in these forecast publications. Given the nuances in California sales tax law with more online orders processed at local stores or at in-state fulfillment centers, pool revenues softened slightly from the peak of fiscal year 2021-22. Mcommerce (shopping on mobile devices) continues to contribute to an expanding ecommerce portion of national retail sales, and spending by this means broke records during the first months of 2024. Modest pool gains are estimated, offering key opportunities for growth by retailers anchored to Gen Z consumer trends using digital commerce platforms.





# NATIONAL AND STATEWIDE ECONOMIC DRIVERS

2024/25 | 2025/26

2024/25 | 2025/26



## U.S. Real GDP Growth

2.4% | 2.3%

Despite concerns over the last two years, the U.S. economy has performed well, averaging a 2.8% real growth rate over the past eight quarters. Propelled by consumer spending, business investment has bounced back even with higher interest rates. Further contributing to real GDP growth are expanding real exports, which hit a record high in the second quarter of the year despite the strong dollar. Modest signs of slowing are seen in the labor and housing markets. Inflation has finally cooled after two years of ongoing efforts from the Fed to a moderate 2.6% pace over the last 12 months. The FOMC followed through and cut interest rates by 50 basis points; the first interest rate cut in over four years. These falling rates will give the U.S. economy a boost in the short run but may increase risks for 2025.



## U.S. Unemployment Rate

4.3% | 4.3%

The U.S. unemployment rate has risen nearly one percentage point over the last 18 months, with payroll employment numbers revised downward. These trends may be misleading, as involuntary separations and unemployment insurance claims have not increased. Historically, such unemployment rate increases occur during recessions, but this is a lagging indicator, and current economic output is not contracting. The ongoing expansion, now over four years, shows no signs of ending. U.S. households' financial health underpins short-term optimism. Despite a softer labor market, earnings growth outpaces inflation, with weekly earnings up 3.3% over the past year. Record household net worth and low debt burdens support continued spending growth.



## CA Unemployment Rate

5.3% | 5.4%

No longer the national leader, California's unemployment rate has risen to 5.3%, now tied with Illinois for 3rd place. Despite the increase in unemployment from 4.8% to 5.3% over the past year, other labor market indicators such as initial claims for unemployment insurance and data on involuntary job separations have not increased. Although the state's unemployment rate is higher than in some states, its year-over-year change was nearly identical to the national average. As of July 2024, California had 1.6 unemployed persons per job opening, higher than the national average of 0.8. This marks a significant shift from the 0.9 average between January 2022 and January 2024.



## CA Residential Building Permits

108,821 | 115,871

Since 2018, residential building permits in California have stagnated, deepening the state's housing crisis. In 2Q2024 the number of residential permits issued was down 8% year-over-year, the lowest since 2Q 2016. Despite growing demand, strict zoning laws, regulatory barriers, and high construction costs have limited new builds, driving up prices and making housing unaffordable for many residents. Recent Federal Reserve interest rate cuts may boost permits by lowering borrowing costs, encouraging more projects. Governor Newsom's new housing bills aim to address the scarcity, but it is uncertain whether they will significantly reduce home prices.



## CA Total Nonfarm Employment Growth

1.1% | 1.0%

California's labor market gained momentum in the second half of the year, with payrolls up 1.6% as of August 2024, compared to just 0.2% in 2023. There is little to suggest an end to the current expansion, now past the four-year mark, however California's long run growth will be limited by lack of housing. The Federal Reserve's recent 50-basis-point interest rate cut, typically reserved for economic distress, could stimulate California's labor market. The Fed does not foresee a recession in the near future.



## CA Median Existing Home Price

\$739,332 | \$759,640

Housing affordability remains a challenge for California residents. High mortgage rates have increased costs for buyers and reduced the number of sellers. The recent downward trend in mortgage rates bodes well for housing market demand, as the average has declined 1.5 percentage points from its peak in October 2023 to 6.4% today. The 50-basis-point reduction in the federal funds rate might push these rates further, giving some homeowners the freedom to refinance and potentially increase listings. A significant drop in home prices is unlikely due to increased buyer interest. The core issue in the California housing market continues to be a lack of supply.

### Proposition 172

Total fiscal year 2023-24 Proposition 172 (P-172) statewide revenues ended about 1% lower than the prior year. The forecast anticipates essentially flat results for the 2024-25 fiscal period, with moderate growth in 2025-26. As the calendar year Bradley-Burns results are impacted by taxpayer modifications, audits, economic impacts, etc. – Proposition 172 pro-rata factors and resultant P-172 revenues will fluctuate for many counties pursuant to the State's allocation methodology.

Watch our webinar for more info!





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California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.

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Beacon Economics has proven to be one of the most thorough and accurate economic research/analytical forecasting firms in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.