



Council Agenda Report

From: Freda Berman, Public Works Director
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Subject: Approval of a Five-Year Road Repair Plan Utilizing Supplemental Sales Tax Measure I-24 Funds

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378 because the authorization of Measure I-24 revenues will not result in a direct or reasonably foreseeable indirect physical change in the environment.

Date: September 16, 2025

Facts

1. The City owns approximately 150 lane miles of streets and is responsible for the general maintenance, repair and reconstruction of all public streets.
2. In November 2012, the voters of Paso Robles approved Measure E-12, a half-cent supplemental sales tax. Measure E-12 automatically expired on March 31, 2025.
3. The equivalent of revenues generated by Measure E-12 was used solely on the City's street repair, maintenance, and rehabilitation projects. Given its 12-year duration, City Council adopted two, six-year plans, focused primarily on arterial and collector streets.
4. Since 2012, funding has been provided for 46 different road maintenance projects and \$60.7 million invested in road repair. See Exhibit A of Attachment No. 1 for map of streets rehabilitated.
5. On June 4, 2024, the City Council approved, amongst other things, several resolutions to place a successor tax measure on the November 5, 2024 General Municipal Election ballot. Subsequently, Measure I-24 was approved by the voters and continued the half-cent supplemental sales tax. This measure is in place until ended by voters.
6. As it appeared on the ballot, Measure I-24 extended the existing voter-approved half-cent sales tax for general government use including to improve Paso Robles' long-term finances, maintain important services such as fixing damaged streets, roads, and infrastructure; repairing potholes; synchronizing traffic signals; maintaining traffic and pedestrian safety; improving emergency evacuation routes; and providing approximately \$5.5 million annually until ended by voters, requiring audits, citizen oversight, and public disclosure of all spending.
7. In November 2020, the voters of Paso Robles approved Measure J-20, a one cent supplemental sales tax. The main priorities for spending Measure J-20 revenue are for fire and emergency services, police services, and supplemental street repair and maintenance. Since its inception, J-20 has provided an additional \$1.1 million towards street repair, will an additional \$18 million committed towards uncompleted projects.

Options

1. Take no action;

2. Approve the first five-year capital improvement plan for roads based on staff’s recommendation herein, using Measure I-24 funds, including for Orchard Bungalow, Downtown and Zone 3A sites, and Vine Street between 10th and 13th Streets; and implement an annual minor road and alley repair project program; or
3. Approve Option 2, but with the issuance of revenue bonds for financing; or
4. Provide alternative direction to staff.

Analysis and Conclusions

The Fiscal Year 2024-2026 City Council Strategic Goals and Priorities include key infrastructure repair, rehabilitation and construction projects that support quality of life, public safety, and economic development. In other words, the City’s Road Repair and Maintenance Program has been, and continues to be a top priority for the City. The Economic Development Strategic Plan acknowledges the vital role that well-maintained roads play in supporting economic prosperity. The report states:

Local streets act as a “red carpet” for residents, visitors and those interested in doing business in Paso Robles. Well-maintained roadways reflect the City’s fiscal stewardship, foresight, and economic prosperity. A robust transportation network encourages efficient goods movement and provides easy access for prospective customers ... Prioritizing available resources for this infrastructure work will pay dividends for the economic vitality of the community and enhance business attraction efforts.

It is estimated that the City has approximately \$350 million in deferred road repair needs (this figure includes the underlying City-owned utilities that will need to be replaced in tandem with the road repairs). Over the past 12 years, only \$5.1 million has been expended on road rehabilitation annually. At this rate, it would take 68 years to rehabilitate every deferred road repair. As such, to have the most positive impact on road conditions, not only does the PCI need to be considered, but also the estimated cost of any project as compared to projected Measure I-24 revenues.

Because the outcome of Measure I-24 was not known at the time the current two-year budget was finalized, the budget did not include any proposed street repair projects funded by Measure I-24 in the second year. Since the Measure was subsequently approved by voters in November 2024, this action seeks to implement an updated Capital Improvement Plan that incorporates new road repair projects supported by Measure I-24 funding.

Staff evaluated roads needing repair using four critical evaluation criteria: 1) Pavement Condition Index (PCI), 2) the need to replace underground infrastructure, 3) connection to already repaired roads, and 4) the cost of the repair project as balanced against the impact to the community.

Below is staff’s recommendation for street repair over the next five years, each comprised of roads with low PCI and limited or no underground infrastructure replacement requirements:

Orchard Bungalow	Downtown	Zone 3A
Walnut, Osos Way, Vista Grande, Tranquil Hills, Orchard Dr., Burro Verde, Trigo Lane, Jackson Dr., Shannon Hill	14 th , 15 th , 22 nd and 23 rd between Pine & Spring, Pine between 14 th & 23 rd , Park between 14 th & 24 th	Fresno St., Hilltop, Grove <i>Add: Vine between 10th & 13th</i>
Average PCI = 41 Low = 6 High = 88	Average PCI = 18 Low = 6 High = 32	Average PCI = 25 Low = 20 High = 27

Orchard Bungalow	Downtown	Zone 3A
No underground pipe replacement	Replace sewer 14 th between Park & Pine, Pine between 20 th & 21 st , sewer stub at 23 rd	No underground pipe replacement
Connects to Union Rd., Creston Rd., Rolling Hills Rd.	Connects to Spring St., 13 th St., 24 th St.	Connects to 12 th St., Pacific Ave., Merry Hill Rd.
Never been repaired	Some segments never repaired	Never been repaired

It should be noted that this is exclusive of the projects already budgeted and underway—whether under construction or design.

The Pavement Condition Index (PCI) is the numerical index between 0 and 100, with 100 being best, that is used to indicate the general condition of a pavement section. Paso Robles, prior to investing in road repair and maintenance, averaged a PCI of under 50, City-wide. In the 12 years of Measure E-12 funded projects, the City-wide PCI average has increased to 55 with westside streets averaging 47 and eastside streets averaging 61. Alleyways average a PCI of 45.

Many of the “number” and “tree” streets will require complete reconstruction (the most expensive type of road repair) due to the very poor conditions of the asphalt. This work will also require curbs, gutters, and Americans with Disabilities Act improvements where necessary. One complete road reconstruction project could consume a full year’s projected Measure I-24 revenue.

The roads identified in the initial five-year Capital Improvement Plan were selected through a cost-benefit analysis that considered the estimated project costs relative to the scope of work, with the objective of prioritizing repairs that maximize community benefit by addressing larger areas.

In addition to the above, staff recommends small street repair projects and alleys be included in Measure I-24 expenditure planning. City Streets Division staff are prepared to undertake nearly \$500,000 a year in work to address small road segment and alley repair. The California Public Contract Code Uniform Public Construction Cost Accounting Act limits the City’s own forces to public project work totaling \$75,000 or less including labor and materials. Any project which is estimated to cost more than \$75,000 must be pursued using established procurement and bidding procedures. The proposed \$500,000 Measure I-24 annual allocation will allow City crews to complete six minor repair projects every year.

Expediting Road Repair

Measure I-24 does not include a sunset clause, meaning there is no date-specific timeline to identify specific street projects like there was with Measure E-12. To provide a more flexible and responsive planning framework, staff is proposing a shift from the previously used Six-Year Street Plan to a rolling Five-Year Capital Improvement Plan. Under this approach, new road projects will be added to the end years of the plan with each two-year budget cycle. This structure allows the City Council to regularly reassess priorities, respond more quickly to emerging repair needs, and adjust the plan as new or additional funding becomes available. The rolling CIP will ensure that Measure I-24 revenues are strategically invested in a way that supports long-term, adaptable infrastructure planning and is reflective of best practices for municipal capital improvements.

Additionally, the previously adopted Six Year Street Plans assigned projects and funding to specific fiscal years. Design and engineering of a road repair project did not begin until the assigned fiscal year when the total estimated cost of the project was included in the capital improvement budget. This strategy

created gaps where design, engineering, plans, specifications and estimates needed to be prepared, bid and contracted before construction work could begin. Using this same scenario, a road repair project that is assigned to Fiscal Year 2025-26 may not break ground until 2027.

The passage of Measure I-24 creates an opportunity to restructure project funding and accelerate progress. By allocating funds across all project phases, multiple projects can advance simultaneously, each at a different stage of development. This approach ensures continuous workflow, minimizing downtime and eliminating periods without active repair work. As a result, it is anticipated that the average investment in road repair will increase from an average of \$5.1 million per year to \$15.4 million per year. For the proposed, initial five-year Measure I-24 street repair list:

Year 1		
Design/Engineering Orchard Bungalow (Phase 1 and Phase 2)	Design/Engineering Downtown streets	PS&E Orchard Bungalow (Phase 1)
Year 2		
Construction Orchard Bungalow (Phase 1)	PS&E Downtown streets Orchard Bungalow (Phase 2)	
Year 3		
Construction Orchard Bungalow (Phase 2)	Design/Engineering Zone 3A	
Year 4		
Construction Downtown streets	PS&E Zone 3A	Design/Engineering Vine Street – 10 th to 13 th
Year 5		
PS&E and Construction Vine Street – 10 th to 13 th		Construction Zone 3A

Revenue Bonds

A Revenue Bond is a debt instrument available to municipalities where repayment to investors is backed by future revenues generated, such as supplemental sales taxes. Proceeds from the bond sales provide upfront capital for road projects and often allow an even more expedited approach than simply cash-flowing projects (as recommended above) for several reasons such as economies of scale, escalation of construction cost, etc. In this scenario, bond proceeds are spent on road maintenance immediately, with Measure I-24 being utilized to pay the principal and interest debt obligations.

Should the City Council consider this option, debt payments cannot be more than the annual I-24 proceeds (i.e., \$7 million), otherwise general fund revenues would need to supplement debt payments. Similar actions would occur if Measure I-24 revenue projections were not met. As a result, best practices suggest—as well as investor assurances—the maximum recommended debt payment be approximately 67-75% of the total estimated revenue, or debt payments approximately \$4.9-\$5.4 million per year. This results in gross bond proceeds of \$69.0 to \$76.1 million, which would provide funding for these projects plus additional segments within the next couple of years.

Staff does not recommend this method for two primary reasons. First off, debt issuance of approximately \$70 million would require the City to make \$53-\$59 million interest payments over the 25-year term. In

certain circumstances, interest expense is less than the rising cost of construction; however, advancing projects by only up to five years, does not move the impacts significantly enough to justify. It would cost more in the long run to issue debt for road maintenance. However, this would marginally expedite road maintenance improvements in the near term.

Secondly, this method would limit projects to only the next five years, with the remaining 20 years obligated towards debt payments, and not road maintenance. This extremely limits staff's ability to rehabilitate roads that become a high community priority or safety hazard in the future.

Fiscal Impact

There are no direct fiscal impacts from approving the Capital Improvement Plan; however, the Plan does intend to fully utilize Measure I-24 revenues, currently generating approximately \$7 million annually. More detailed fiscal impacts will be presented in future staff reports in accordance with the City's Purchasing Policy and Procedures.

CEQA

The City finds that this action, to authorize use of Measure I-24 towards the first Five Year Capital Improvement Plan to include Orchard Bungalow, Downtown, Zone 3A sites, and Vine Street between 10th and 13th Streets, and authorize an annual expenditure of \$500,000 from Measure I-24 revenues to perform minor road and alley repair projects, is not a project under the California Environmental Quality Act pursuant to State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378, because such authorization will not result in a direct or reasonably foreseeable indirect physical change in the environment.

Recommendation

Approve Resolution 25-XXX, authorizing the use of Measure I-24 towards the first Five Year Capital Improvement Plan to include Orchard Bungalow, Downtown, Zone 3A sites, and Vine Street between 10th and 13th Streets; and authorize an annual expenditure of \$500,000 from Measure I-24 revenues to perform minor road and alley repair projects.

Attachments

1. Resolution 25-XXX – 5 Year Road Repair Plan
 - a. Exhibit A - Road Repair Map