



Council Agenda Report

From: Ty Lewis, City Manager

Subject: City Council Position on the Local Roads First Transportation Tax Measure: Adoption of Resolution in Support or Opposition to the Measure

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: April 2, 2024

Facts

1. San Luis Obispo Council of Governments (SLOCOG) is an association of local governments in San Luis Obispo County, which is made up of seven cities, including the City of Paso Robles, and is the federal-designated Metropolitan Planning Organization (MPO), the state-designated Regional Transportation Planning Agency (RTPA), the Service Authority for Freeways and Expressways (SAFE), the Census Data Affiliate (CDA), and the Regional Ridesharing Program for the San Luis Obispo Region.
2. SLOCOG is considering placing a half-cent, countywide transportation sales tax measure on the November 2024 ballot. If placed on the ballot, the Measure requires the approval of two-thirds of countywide voters to pass.
3. The Measure is proposed to sunset after 20 years. Funding from the Measure is proposed to be allocated to transportation projects across the County and is estimated to generate \$700 million over that time based on the Draft Implementation Plan (Attachment 1).
4. The Draft Implementation Plan indicates the City of Paso Robles will receive approximately \$52 million in local project funding over the 20-year life of the Measure. Of the \$52 million, \$30 million is proposed to be allocated to local road repair projects. The remaining balance is earmarked for projects predominantly on State Route 46 and US 101.
5. The Draft Implementation Plan indicates the "North County" region (which includes the City of Paso Robles, City of Atascadero, and Unincorporated County Areas such as Templeton, Shandon, etc.) will receive approximately \$84 million for regional projects over the 20-year life of the Measure; this is separate from the local project funding.
6. SLOCOG has conducted polling of likely voters within the County; between 59%-63% of respondents indicated support for a transportation measure.

Options

1. Take no action;
2. Approve Resolution in Opposition of the Local Roads First Transportation Tax Measure; or
3. Approve Resolution in Support of the Local Roads First Transportation Tax Measure; or
4. Provide alternative direction to staff.

Analysis and Conclusions

Over the past year, the San Luis Obispo Council of Governments (SLOCOG) staff and board have been analyzing and evaluating the potential placement of a half-cent transportation sales tax measure on the November 2024 ballot to fund transportation projects across the County. Funding from the proposed Measure is to be used for transportation purposes only, therefore it is considered a special tax and requires 2/3rds approval from voters countywide. The proposed “Local Roads First” Tax Measure is estimated to generate \$35 million annually (unadjusted for inflation) and includes a 20-year sunset clause. Of the \$35 million, SLOCOG indicates one percent of the annual funding will be allocated for administrative purposes, with the balance of the funding earmarked for specific transportation projects. According to SLOCOG staff (see Attachment 3), the Measure, if approved, will give the County the “Self Help” designation, whereby the region will become eligible for certain state and federal funds that are not currently accessible because the County does not have a dedicated transportation sales tax.

Draft Local Road Repair & Transportation Safety Investment Plan

A companion to the proposed Measure is the Draft Investment Plan (Attachment 1). The plan allocates funding to four “subregions” within the County, based on population. The City of Paso Robles is included in the North County subregion. Within each subregion, 66 percent of the funding is proposed to be provided directly to cities (and unincorporated areas) for local road repairs, state route improvements, bike and pedestrian enhancements and transit services. The balance of the funding in each subregion is earmarked for regional projects. The regional project funding “bucket” is not provided directly to cities and is not controlled by cities. Furthermore, the regional project “bucket” is competitive in nature per SLOCOG staff, meaning that there is no guarantee that the funding amounts listed within that section will go toward a specific project.

Over 20 years, the North County subregion is estimated to receive \$246 million. This amount is broken out into two buckets – the Local Area Investments and Regional Projects. Within each bucket, there are multiple projects listed with specific funding allocations for each project. The City of Paso Robles is estimated to receive \$52 million directly for Local Area Investments. Of that \$52 million, \$30 million is earmarked for road repairs. The balance of the funding is earmarked for various Community Road Safety and Congestion Improvement Projects. According to SLOCOG staff, these projects were identified during their community engagement and focus group sessions.

The following table is the proposed projects and funding amounts for the Local Area Investment for the City of Paso Robles:

PASO ROBLES	\$52 M
• Road Repairs to Union Road, Paso Robles St, Creston Rd, Niblick Rd, Spring St, Commerce	\$30 M
• Community Road Safety & Congestion Improvements	\$22 M
○ US 101 corridor congestion/safety improvements to overcrossings, intersections, interchanges, signalization, ramps, parallel routes	
• Highway 46E (US 101 to Jardine Rd.) safety improvements/Union Overcrossing	
• Salinas River Trail & Eastside “Grand Loop” bikeway	
• US 101 / Highway 46W interchange improvements	
○ Safe Routes to School	
○ Public Transit for Seniors, Person with Disabilities, and Veterans	

Conditions of local streets and repairing of local roads is one of the top priorities of the City Council and residents. Over 20 years, the City is projected to receive \$30 million for road repairs from the proposed measure. This equates to approximately \$1.5 million annually. In comparison, Measure E-12, the City’s locally controlled half-cent sales tax measure generates approximately \$120 million over 20 years or approximately \$6 million annually. 100 percent of the Measure E-12 funding is earmarked for local road repairs.

	Proposed SLOCOG Measure	Measure E-12
Road Repair Funding (Annual)	\$1,500,000	\$6,000,000

The City will also receive approximately \$22 million for “Community Road Safety and Congestion Improvement Projects”, which are earmarked for specific projects (mostly on state-owned routes) and not eligible to be used for local road repair.

In addition to the local funding element of the plan, the North County regional project bucket includes the following projects and funding amounts:

Regional Road Safety Improvements

- Highway 46E (US 101 to Jardine Rd.) safety improvements, including Union Road intersection **\$30 M**
- North County US 101 Regional Safety Corridor Improvements **\$37 M**
 - At US 101 Northbound off-ramp to Highway 46E
 - Between Cuesta Grade and San Miguel, to address safety, mobility, and congestion issues (i.e. lanes, interchanges, crossings, ramps, bus, vanpool, parallel routes)

Mobility for All **\$17 M**

- Public Transit for Seniors, Persons with Disabilities, and Veterans **\$7 M**
- Active Transportation (Bicycle & Pedestrian) **\$10M**
 - Templeton, Vineyard Drive improvements
 - Salinas River/N. Anza Trail corridor
 - Paso Robles River Trail/Grand Loop trail
 - Atascadero Westside corridor

As noted previously the regional project “bucket” is competitive in nature per SLOCOG staff, meaning that there is no guarantee that the funding amounts listed within that section will go toward a specific project. Additionally, SLOCOG staff has indicated that funding generated by the Measure must be allocated to projects specifically identified within the plan. As written, the plan identifies segments of roads eligible for repair funding that are already funded through local dollars or where construction is underway. If the City Council desires to support the Measure, it is recommended that changes be made to investment plan to increase flexibility for the road repair funding to reflect the actual needs within Paso Robles.

Funding Allocation Methodology

The proposed implementation plan allocates funding based on population. The City of Paso Robles makes up approximately 10.9 percent of the countywide population. However, due to the City’s robust tourist economy, local economic vitality, and pro-development leadership, businesses within the City account for nearly 20 percent of all points of sale across the County. In addition, the number of businesses within the City makes up 15 percent of the total number of businesses within the County. The table below provides the comparison of the three data points for the City of Paso Robles, as a percentage of the countywide total for each category.

	Population	Point of Sales	Business Count
City of Paso Robles Share (of Countywide)	10.9%	18.9%	15%

The proposed funding allocation based on population does not reflect a proportionate share of funding returning to the City of Paso Robles over the 20-year horizon of the measure. In essence, sales tax collected for this measure within the City of Paso Robles will be subsidizing projects within other areas of the County.

Community Engagement

SLOCOG has engaged communities and prospective voters within the region over the past year. SLOCOG contracted with a polling firm to conduct a survey of prospective voters in April 2023. The Survey Summary Report is available at: <https://tinyurl.com/3jaes3we>. In summary, 59 percent of all respondents indicated they would support a countywide sales tax measure for transportation purposes. This falls below the 2/3rds threshold for approval. Within the North County subregion, 55.2 percent of respondents indicated support for the proposed measure. The North County subregion “yes” vote response level was the lowest of the four subregions. The survey also included an exercise to simulate proponent messaging in support of the measure. After hearing the messaging, the percentage of respondents who indicated they would support the measure increased to 63 percent, which is still below the 2/3rds approval threshold.

In addition to the polling, SLOCOG has held four focus groups, developed a web site (www.localroadsfirst.com) and deployed a public survey to gain additional insight. A summary of the focus groups is available here: <https://tinyurl.com/yekk29fu>.

Timeline and Next Steps

According to the SLOCOG presentation provided to the City Council on March 19, 2024 (Attachment 2), the SLOCOG Board will be reviewing the Draft Implementation Plan on May 1, 2024, and will determine whether to place the measure on the November 2024 ballot by May 29, 2024. SLOCOG is requesting all cities provide comment on the draft implementation plan immediately, with the intent to return to the cities in May to gain final approval of the implementation plan.

Based on City Council feedback and direction during the March 19, 2024 meeting, staff has prepared two resolutions for potential council action. One resolution provides the option for the City Council to oppose the Local Roads First Measure (Attachment 5). The other resolution provides the option for the City Council to support the measure (Attachment 4).

Should the City Council choose to approve the resolution in opposition to the measure, there is no need for City staff and Council to submit comments on the implementation plan to SLOCOG. City staff will transmit a copy of the resolution to SLOCOG staff.

Should the City Council choose to approve the resolution in support of the measure, staff recommends bringing back an item at the April 16, 2024, City Council meeting to discuss changes to the implementation plan. The intent of this item would be to discuss and summarize all necessary comments to the implementation plan and submit those comments to SLOCOG staff along with the resolution.

Fiscal Impact

There is no direct fiscal impact by taking a position on the Local Roads First Measure. However, should the measure be placed on the ballot and approved by voters, the City is expected to receive \$52 million

in transportation funding over a 20 year period. The sales tax rate within the City of Paso Robles will increase by ½ cents for taxable goods.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Recommendation

Staff is seeking City Council direction on this matter.

Attachments

1. Draft Implementation Plan
2. SLOCOG Presentation from March 19, 2024
3. SLOCOG Staff Report from February 7, 2024
4. Resolution 24-XXX Formally Supporting the Proposed Local Roads First Transportation Tax Measure
5. Resolution 24-XXX Formally Opposing the Proposed Local Roads First Transportation Tax Measure