



Supplemental Sales Tax Oversight Committee Agenda Report

From: Ryan Cornell, Administrative Services Director

Subject: Financial Review of Supplemental Sales Tax

Date: November 20, 2024

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:

<u>Project Name</u>	<u>E-12 SST</u>	<u>Other Sources</u>	<u>Total Project Cost</u>
Professional Studies	\$ 141,249	\$ -	\$ 141,249
21 st St Green Update	454,300	-	454,300
13 th St Bridge Improvement	300,000	-	300,000
Spring Street (16 th to 24 th)	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 th 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 st to 15 th)	4,011,841	53,068	4,064,909
Sherwood/Creston/Linne	2,390,119	-	2,390,119
Vine Street (1 st to 36 th)	603,617	-	603,617
Various Slurry/Chip Seal	1,893,896	-	1,893,896
13 th 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 th to 36 th)	2,779,965	44,360	2,824,325
Park/6 th /9 th /10 th Streets	652,378	786,860	1,439,238
Jardine Road	366,840	-	366,840
Olive/16 th /17 th /18 th /19 th /20 th 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 nd , 3 rd , 26 th Streets	-	582,761	582,761
Appaloosa Drive	500,000	173,962	673,962
Total Completed Projects	\$ 35,128,515	\$ 7,382,411	\$ 42,510,926

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 th Street (Spring to Chestnut)	849,706	10,300	-	839,406
Riverside (17 th to 24 th 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 th 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 th Street/Niblick Bridge Deck Resurface	310,000	-	-	310,000
Total Projects in Progress	\$ 41,490,075	\$ 8,722,500	\$ 9,915,779	\$ 32,767,575

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

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

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