



MEMORANDUM

TO: City Council

FROM: Shannon Sweeney, Acting Public Works Director/City Engineer

SUBJECT: Discussion of SLOCOG Supplemental Funding Efforts

DATE: September 26, 2023

SUMMARY OF ACTION:

Summarize San Luis Obispo Council of Governments (SLOCOG) current efforts to secure supplemental funding for transportation needs and provide feedback to the City's SLOCOG Board of Directors representative, Councilmember Guthrie.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Approximately 3 hours of staff time was spent researching the issue and preparing this report.

RECOMMENDATION:

Receive an update, discuss, and provide feedback to Councilmember Guthrie for the SLOCOG Board of Directors.

BACKGROUND:

25 of 58 counties in California are considered self-help counties, meaning that they have a local transportation sales tax to deliver timely, cost-efficient transportation improvements to their communities. See Figure 1. The dollar values in the figure represent the annual revenue received by each county. In 2016, San Luis Obispo County placed Measure J on the November ballot which would have established such a local transportation sales tax. This measure received 66.3% voter support, just shy of the 66.7% required for passage.

**City Council
 Discussion of SLOCOG Supplemental Funding Efforts
 September 26, 2023
 Page 2**



Figure 1: Map of California Self-Help Counties

Had this measure passed, the sales tax measure would have generated approximately \$25 million per year in 2016 and currently \$35 million per year to address county transportation issues, including road maintenance. In addition, the County has not been eligible for an estimated \$1 billion in competitive state grants by not having adequate matching funds to secure those grants.

SLOCOG is developing an Investment Plan, and one potential element of that plan is a local sales tax. SLOCOG is exploring the potential of including a sales tax measure on the November 2024 ballot. To this end, SLOCOG has developed a website

Item 12.b.

City Council
Discussion of SLOCOG Supplemental Funding Efforts
September 26, 2023
Page 3

(www.localroadsfirst.com), an online survey tool, provides background information, and an identification logo. Meetings with key stakeholders, including several local advisory councils, have been held to raise awareness, identify benefits, and build trust. Four focus group meetings, with attendees that represent likely voters, are being held in September to further understand what is meaningful to the public and to identify if SLOCOG is correctly understanding and articulating the priorities of county residents.

ANALYSIS OF ISSUES:

San Luis Obispo County has a \$3.1 billion available revenue stream and \$5.4 billion of identified transportation needs, resulting in a funding shortfall of \$2.3 billion over the next 23 years. Previous funding streams for transportation needs have heavily relied on gas tax. However, conservation, hybrids, and electric vehicles have resulted in a decline of gallons of fuel used and therefore revenues and allocation of funds.

Deferring maintenance on roads leads to considerably more cost in road maintenance. Preventative maintenance of roads costs a fraction of the cost of rehabilitating roads that have already deteriorated. Timely maintenance saves a significant amount of funding and allows for more efficient use of funding dollars for keeping streets maintained. In addition, funds not needed to rehabilitate streets can be spent on other transportation needs such as sidewalk repairs, public transportation, and ADA improvements.

SLOCOG is seeking input from the community. All county residents are encouraged to visit www.localroadsfirst.com and take a survey to provide input on this important issue.

The SLOCOG Board of Directors will be meeting in October to discuss the potential sales tax measure. Council Member Guthrie is the City's representative on the Board and has requested feedback from the Council before that meeting.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Receive and update and provide feedback to Council Member Guthrie, or
2. Provide other direction to staff.

ADVANTAGES:

The City of Arroyo Grande has the potential to benefit from additional funding to address its road maintenance backlog. It is advantageous for city residents, staff, and elected officials to remain informed on SLOCOG's efforts.

DISADVANTAGES:

There could be a negative perspective on City's potential revenue generation measures since it is anticipated that several jurisdictions around the County and State may be placing similar measures on the November 2024 ballot.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.