



CITY OF ATASCADERO

CITY COUNCIL STAFF REPORT

Item H2

Department: Public Works
Date: 02/24/26
Placement: Management Report

TO: JAMES R. LEWIS, CITY MANAGER

FROM: NICK DE BAR, DIRECTOR OF PUBLIC WORKS/CITY ENGINEER

PREPARED BY: RYAN BETZ, PUBLIC WORKS ANALYST

SUBJECT: San Luis Obispo Council of Governments Final Transportation Expenditure Plan for Potential Transportation Sales Tax Measure

RECOMMENDATION:

Council adopt the Draft Resolution approving the San Luis Obispo Council of Governments Final Transportation Expenditure Plan for a potential transportation sales tax measure.

REPORT IN BRIEF:

This report discusses the final updates based upon input from by the City Council, other cities and the San Luis Obispo County Board of Supervisors, to the Transportation Expenditure Plan for a potential transportation sales tax measure.

DISCUSSION:

BACKGROUND

On January 13, 2026, the City Council reviewed and provided input on the San Luis Obispo Council of Governments (SLOCOG) draft Transportation Expenditure Plan for a potential transportation sales tax measure. SLOCOG is the regional transportation planning agency responsible for long-range regional transportation planning, funding allocation, and coordination among the County and the seven incorporated cities, including Atascadero. SLOCOG is evaluating a potential ½-cent transportation sales tax measure for the November 2026 ballot to establish a long-term, locally controlled revenue source for transportation improvements. The final Transportation Expenditure Plan (Plan) is the result of regional engagement including presentations, focus groups, workshops, online surveys, website engagement, and input from local jurisdictions and the San Luis Obispo County Board of Supervisors. The draft Plan was amended and the final Plan approved by the SLOCOG Board on February 4, 2026, and now must be presented and approved by a majority of the seven cities that represent a majority of the incorporated population and San Luis Obispo County Board of Supervisors prior to the SLOCOG Board meeting on April 1, 2026. At that meeting, the SLOCOG Board would consider adoption of an ordinance along with tax

measure materials and then recommend the San Luis County Board of Supervisors place a transportation sales tax measure on the November 2026 ballot. Since the proposed transportation sales tax measure is considered a special tax, passage of the measure would require a passage of two-thirds of the voters in the election.

The purpose of the Plan is to address a region-wide transportation funding shortfall, respond to public feedback collected through regional engagement efforts and establish an equitable distribution of new transportation revenues should the ballot be placed on the November 2026 ballot and approved by voters. SLOCOG staff will provide an overview of the final Plan at tonight’s meeting and are seeking approval from the City Council.

The Plan is projected to generate approximately \$35 million annually (2024 estimate) and expected to escalate each year over the proposed 30-year term. These revenues would be distributed across four primary categories:

- 55% — Local Road Repairs, Safety, and Improvements (allocated to each jurisdiction based on population)
- 40% — Regional Corridor Improvements (allocated to four subregions by population share)
- 4% — Senior/Disabled/Veterans’ Mobility Improvements
- 1% — Administrative Costs (maximum)

Under the Plan, Atascadero would receive an estimated \$2,029,354 annually from the Local Road Repair category (55% share) as shown in Table 1 below. Additional funds are guaranteed to fund regional project improvements in the North County through the Regional Corridor Improvements category. The SLOCOG Board of Directors, including an elected official representing each of the seven cities and the five San Luis Obispo Board of Supervisors, will serve as the Authority Board for the potential Transportation Measure and oversee the implementation of the Plan.

Table1: 1-Year Distribution of \$35M

55% for Local Road Repairs, Safety and Improvements		\$ 19,250,000
Arroyo Grande	\$ 1,256,955	
Atascadero	\$ 2,029,354	
Grover Beach	\$ 865,712	
Morro Bay	\$ 733,207	
Paso Robles	\$ 2,146,387	
Pismo Beach	\$ 550,195	
San Luis Obispo	\$ 3,207,856	
Unincorporated	\$ 8,460,335	
40% for Regional Corridor Improvements		\$ 14,000,000
North County	\$ 4,923,893	
South County	\$ 4,001,218	
Central County	\$ 3,085,830	

North Coast	\$	1,989,059	
4% for Senior/Disabled/Veterans' Mobility Improvements		\$	1,400,000
1% Administration Costs (Maximum)		\$	350,000
Total Estimate		\$	35,000,000

ANALYSIS

Based upon the input of the seven City Councils, the Community Service Districts, and the Board of Supervisors, the draft Plan was updated to reflect the following changes (summary) in the final Plan. A vast majority of these updates suggested by Atascadero City Council and staff were incorporated into the final Plan.

Final Expenditure Updates

III. Eligible Uses of Funds

Local Road Repairs and Improvements (55%)

- Funds are distributed by population to the cities and the County. County funds shall be distributed equally by Supervisorial District over the life of the measure as monitored and reported by the Citizens Oversight Committee.

Regional Corridor Improvements (40%)

- Regional project funds shall be distributed by population among subregions over the life of the measure as monitored and reported by the Citizens Oversight Committee

IV. Governing Board of Organization Structure

- ~~Biannual~~ Biennial Implementation Plan

V. Maintenance of Effort (MOE)

- Each Agency receiving revenues for "Local Projects" shall annually maintain, at a minimum, the same level of local fully discretionary general fund revenues that were expended on average for fiscal years 2021/22, 2022/23, 2023/24, 2024/25 and 2025/26
- Revenue from general or special tax measures over and above the agency's baseline tax of 1 ½% will not be counted as part of general fund revenues for the purposes of MOE

VI. Requirements for Eligible Jurisdictions

- **B. Circulation Element.** Adopt and maintain comply with its Circulation Element as part of the jurisdiction's General Plan.
- **D. Pavement Management Plan.** Adopt and update a Pavement Management Plan, and ~~issue, using a common formal approved by the Authority,~~ provide regular reporting on the status of road pavement conditions and implementation of the Pavement Management Plan.

- **G. Time Limits for Use of Net Revenues for Regional Projects.**
 - 1. Agree that Net Revenues for Regional Projects shall be expended or encumbered no later than the end of the fiscal year for which the Net Revenues are programmed. A request for extension of the encumbrance deadline for no more than ~~twenty-four~~ thirty-six months may be submitted to the Authority no less than ninety days prior to the deadline. The Authority may approve one or more requests for extension of the encumbrance deadline.
 - 2. In the event the time limits for use of Net Revenues for Regional Projects are not satisfied then any retained Net Revenues that were allocated to an Eligible Jurisdiction and interest earned thereon shall be returned to the Authority and these Net Revenues and interest earned thereon shall be available for allocation to any project within the same source program.

- **I. Public Notice of Use of Measure Funds.** Member agencies will provide the public with planned use of measure funding as part of its annual or biennial budget process. This includes each City and Community Advisory Council will receive at a minimum, twice ~~yearly~~ per programming year presentations from jurisdictional staff to review proposed investments prior to annual allocations.

VII. Taxpayer Safeguards

- A **performance assessment** shall be conducted at least once every ~~three~~ five years to evaluate the efficiency, effectiveness, economy and program results of the Authority in satisfying the provisions and requirements of the Investment Summary of the Plan, the Plan and the Ordinance. A copy of the performance assessment shall be provided to the Committee.

Implementation Guidelines

Following voter approval of this Measure, the Authority shall adopt Implementation Guidelines to administer and implement the Expenditure Plan in a manner consistent with the voter-approved purposes of this Measure. The Implementation Guidelines shall establish procedures for project programming and delivery, eligibility requirements, fund distribution, accountability and reporting, audits, amendments, and other administrative matters necessary to ensure effective and transparent use of Measure revenues. The Implementation Guidelines shall not expand or alter the uses of funds authorized by this Measure and shall be adopted by the governing board at a public meeting following a noticed public process.

Implementation guidelines are the structured steps and key components counties follow when adopting and administering local self-help transportation sales tax measures to fund critical infrastructure and mobility projects. These guidelines ensure local control of funding, strategic alignment with community needs, and responsible stewardship of resources while enhancing the county's ability to compete for state and federal grants and deliver timely, locally driven

transportation projects. In most Self-Help County measures, Implementation Guidelines are not fully drafted at the time of the vote but are expressly identified in the Measure materials as “to be developed” following voter approval. These guidelines operationalize the potential measure but may not alter the uses or promises approved by voters.

Schedule and Next Steps

- February 24, 2026 – City Council considers the approval of the San Luis Obispo Council of Governments Final Transportation Expenditure Plan for a potential transportation sales tax measure.
- February/March 2026: Other cities and County also consider approval of final Plan.
- April 1, 2026: SLOCOG Board Meeting: Consider Adoption of Ordinance along with Tax Measure Materials.
- TBD, 2026: Board of Supervisors consider placement of a transportation sales tax measure on the November 2026 ballot.

FISCAL IMPACT:

While there is no immediate fiscal impact associated with this action, approving the staff recommendation has the potential for the City to receive over \$2 million annually for local transportation needs if a potential ballot measure moves forward and is approved by voters.

REVIEWED BY OTHERS:

This item has been reviewed by the Administrative Services Director.

REVIEWED AND APPROVED FOR COUNCIL AGENDA



James R. Lewis, City Manager

ATTACHMENT(S):

1. Draft Resolution
2. SLOCOG Final Transportation Expenditure Plan