



Council Agenda Report

Item 6c

Department: Public Works
Cost Center: [Click or tap here to enter text.](#)
For Agenda of: 1/20/2026
Placement: Presentation
Estimated Time: 30

FROM: Aaron Floyd, Public Works & Utilities Director
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SUBJECT: SAN LUIS OBISPO COUNCIL OF GOVERNMENTS PRESENTATION ON LOCAL ROADS FIRST PROPOSED BALLOT MEASURE– DRAFT TRANSPORTATION EXPENDITURE PLAN

RECOMMENDATION

Receive and comment on a report and presentation by the San Luis Obispo Council of Governments (SLOCOG) staff regarding a potential Countywide Self-Help Sales Tax Measure and Draft Transportation Expenditure Plan.

REPORT-IN-BRIEF

San Luis Obispo County faces a significant transportation local funding shortfall, limiting the ability of the County and seven cities therein to maintain roads, improve safety, support transit, and leverage state and federal grants. Neighboring Central Coast counties with dedicated local transportation sales taxes, such as Santa Barbara, Santa Cruz and Monterey, have successfully used their local funds to secure state and federal grants that often match or exceed the revenue they collect. SLO County currently has no such local sales tax.

The San Luis Obispo Council of Governments (SLOCOG) prepared a Draft Transportation Plan for the City Council's review as it relates to the potential placement of a 0.5% sales tax measure on the November 2026 ballot. A 0.5% (also referred to as a "1/2-cent") local sales tax in San Luis Obispo County could generate approximately \$35 million annually, totaling roughly \$700 million over 20 years (without escalations), specifically for local transportation. These funds would support local road repairs, safety and mobility improvements, and regional transportation projects while unlocking much needed additional state and federal funding, effectively doubling the total investment in the region. Adopting this measure would provide the region with a stable, predictable funding source, ensure timely delivery of critical transportation projects, and maximize the return on local investment through leveraged grant funding.

SLOCOG is leading the effort to place the sales tax measure on the ballot by drafting the ordinance, which must be approved by the County Board of Supervisors. At this stage, SLOCOG is requesting input from the San Luis Obispo City Council and community on the Draft Expenditure Plan. The ordinance can move forward only if a majority of cities

approve it *and* those cities collectively represent a majority of the region's population. If approved by voters, the tax would be applied countywide, regardless of individual city support, with the earliest possible election in November 2026.

POLICY CONTEXT

The City's current [Legislative Action Platform](#), adopted by City Council Resolution No. 11554 (2025 Series), includes a number of items expressing support for additional funding sources to fund transportation infrastructure improvements, particularly opportunities to increase funding for projects that support local climate action, active transportation, and roadway maintenance priorities.

[Senate Bill \(SB\) 333](#), enacted in 2025, applies only to the San Luis Obispo Council of Governments (SLOCOG). The law authorizes SLOCOG to adopt an ordinance placing a new local transactions and use tax of up to 1% before voters. The tax may only take effect if approved by voters in an election held between January 1, 2026 and January 1, 2032. Most importantly, SB 333 exempts this tax from the standard 2% cap on combined local transactions and use taxes that otherwise applies within a county under California law. This means the SLOCOG tax would not count toward the existing 2% limit.

A 0.5% countywide transportation sales tax, as discussed in this report, would be subject to [California Public Utilities Code Section 180001\(e\)](#). This section expresses the Legislature's intent that revenues from local transportation sales taxes are to supplement, not replace, existing local transportation funding, ensuring new funding adds to, rather than subtracts from, local efforts.

DISCUSSION

Background

On January 20, 2026, the City Council will receive a presentation from the San Luis Obispo Council of Governments (SLOCOG) representatives on the potential placement of a 0.5% sales tax measure to support countywide transportation on the November 2026 ballot. On December 10, 2025, the SLOCOG Board approved 10-1 a motion to advance a supplemental funding effort and directed staff to meet with member agencies to gather comments and input on the proposed measure, including feedback on the Draft Transportation Expenditure Plan (Attachment A).

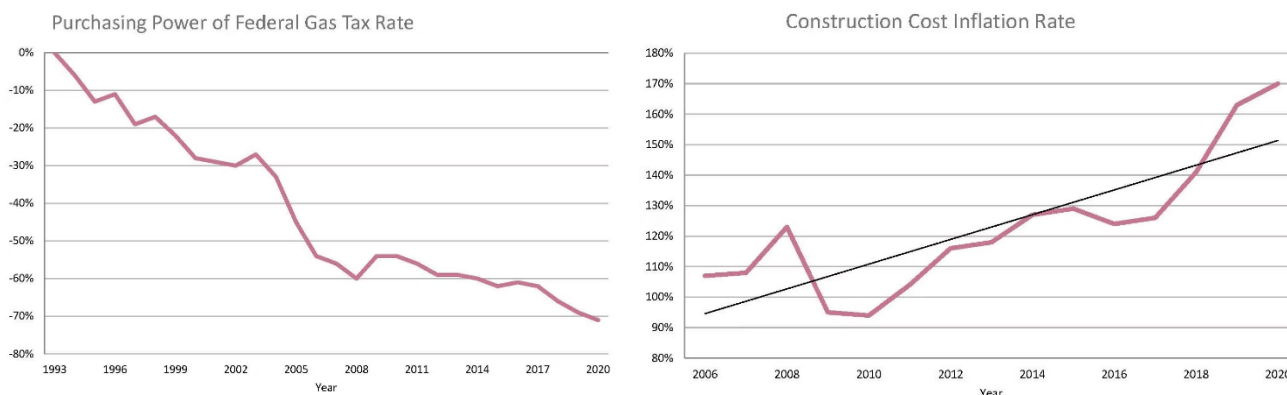
Regional transportation funding continues to fall significantly short of documented needs. The [2023 SLOCOG Regional Transportation Plan \(RTP\)](#) identifies a \$2.4 billion shortfall for regional projects and programs, including a \$400 million gap for pavement maintenance. Early estimates for the [2027 RTP](#) project total shortfalls exceeding \$3 billion. Traditional revenue sources for regional transportation maintenance and improvements have not kept pace with rising costs, limiting the ability of local jurisdictions to maintain roadways, advance safety projects, improve mobility, and provide required local match funding for competitive state and federal grants.

In response to similar funding challenges, 25 of the 58 California counties have adopted local sales taxes to specifically fund transportation needs. These taxes are referred to as

“local transportation sales taxes” and designate those counties as “self-help counties,” meaning that state and federal funding agencies deem these counties as having dedicated funding sources from within their own communities that provide a source of matching grant funds, thereby qualifying those counties for more funding from state and federal sources. These “self-help counties” represent roughly 89% of the state’s population and benefit from a stable, locally controlled revenue source that supports timely delivery of transportation improvements and increases competitiveness for external grant funding. Adding San Luis Obispo County to this list could unlock hundreds of millions of dollars in additional funding and ensure delivery of much-needed projects throughout the region.

A previous 0.5% transportation sales tax measure (Measure J) received 66.3% voter support in 2016, narrowly missing the required two-thirds threshold¹ by several hundred votes. As a result, the region has foregone an estimated \$270 million in local revenue since 2016—funding that could have been significantly amplified through state and federal grant opportunities. Regional transportation needs have continued to grow, while gas tax revenues face new pressures as the number of fully electric vehicles on the roads in California increases.

Figure 1: Purchasing Power of Federal Gas Tax Rate and Construction Cost Inflation Rate



Source: SLOCOG [Local Roads First FAQs](#)

At its December 2025 meeting, the SLOCOG Board reviewed the results of community outreach, recent polling, and recommended funding distribution formulas for a potential 2026 ballot measure. The Board directed staff to share the draft expenditure plan and implementation guidelines with member agencies’ City Councils, collect feedback, and continue refining the draft materials.

Polling Results

SLOCOG launched a statistically valid poll in October 2025 by consulting firm, FM3. FM3 conducted an 18-minute survey of more than 1,000 randomly selected likely voters for

¹ A local transportation sales tax is considered a *special tax*, different from a general tax, in which the revenues must be used only for the specific purposes stated (in this case, for transportation purposes). A special tax requires a supermajority (two-thirds) voter approval under the California Constitution as it is considered a stronger commitment of public money.

the November 2026 election in San Luis Obispo County. The survey used a dual-mode approach (online and by landline and mobile phone) and was offered in both English and Spanish. With a sample size of more than 1,000 respondents, the margin of error is $\pm 3.1\%$ at the 95% confidence level.

The polling results show initial majority support for addressing overall transportation funding needs and for a proposed 0.5% transportation sales tax in San Luis Obispo County. Support peaked at 65% after voters were provided with additional informational outreach, and then declined to 56% when potential opposition arguments were introduced. In response to the polling feedback, the Draft Transportation Expenditure Plan was revised to reflect voter preferences. With these updates, the SLOCOG Board authorized a follow-up tracking poll in 2026 to reassess voter support for the revised Draft Transportation Expenditure Plan. Results of the follow-up poll are scheduled to be presented to the Board on April 1, 2026. Poll results are available for download on SLOCOG's [website](#).

Self-Help Measures Impacts on the Central Coast

Self-help transportation measures in other California counties demonstrate substantial benefits: they deliver more projects, more quickly, and often at lower cost. Neighboring counties—including Santa Cruz, San Benito, Monterey, and Santa Barbara—are all self-help counties and have leveraged hundreds of millions of state dollars through their voter-approved local transportation sales taxes. While all regions, including San Luis Obispo County, receive formula-based state funding, self-help counties have an advantage because they can provide the significant local matching funds needed to successfully compete for additional competitive state and federal grants. Each of these neighboring counties generate between \$25 million and \$50 million annually from their transportation-specific sales taxes and also qualify for certain state gas tax funds available only to self-help counties. They use these local revenues to secure competitive grant awards that can exceed \$100 million per project or funding cycle.

SLOCOG reports² that, over the past decade, each of these counties have raised approximately \$200 million to \$450 million through their transportation sales taxes (with San Benito generating less due to its smaller population). Using these local funds, they have successfully leveraged an additional \$200 million to more than \$750 million in state grants for the respective communities. By comparison, SLOCOG reports that San Luis Obispo County has foregone an estimated \$270 million in local sales tax revenue that would have been collected had the 2016 measure passed, as well as an additional \$330 million to \$430 million in likely grant funding that could have been secured with that local match. In total, the region has missed out on approximately \$600 million to \$700 million in transportation investment over the past nine years. This funding could have supported highway and interchange improvements, transit and mobility programs, Safe Routes to School projects, safety enhancements, road maintenance, and other critical needs.

A voter-approved 0.5% transportation sales tax in San Luis Obispo County would generate an estimated \$35 million annually and provide substantial leveraging power for

² Reference: SLOCOG Board of Directors December 10, 2025 [Item F-2 Staff Report](#) “Supplemental Funding Update: Polling Results, Draft Expenditure Plan, Implementation Guidelines, and Next Steps”

state and federal funding opportunities. Based on the experience of other self-help counties, this approach could return more than \$1 billion in additional transportation investment to the region over a 20-year period.

Details of Draft Transportation Expenditure Plan

To define how revenues would be distributed and spent, SLOCOG has prepared a draft Transportation Expenditure Plan (the “Plan”) for a potential 2026 measure. The Plan would ultimately be implemented through an ordinance, the legal mechanism required to place a transportation sales tax measure on the ballot. Once approved by voters, any changes to the Plan would require a two-thirds majority vote.

To ensure a fair and equitable distribution of revenues, SLOCOG staff evaluated multiple data metrics and allocation scenarios and discussed them with the region’s City Managers in October 2025. The goal was to identify an approach that is transparent, equitable, and easy for the public to understand, leading to a population-based distribution that is included in the current proposed Plan. Accordingly, the following allocations are based on 2020 Census population data and will be updated with each decennial census.

In its current form, the proposed 0.5% transportation sales tax measure would include the following distributions and premises:

- Sunset: 30-year duration.
- Estimated Revenues: \$35 million annually, or \$1 billion over 30 years (not accounting for escalation).
- Leverage Potential: Potential to return an additional \$900 million to the region over 20 years in competitive State and Federal Grants.
- Proposed Distribution of Revenue:
 1. **55% – Local Road Repairs, Safety, and Improvements (Local Agency/Jurisdiction-Determined)**
 - Funds distributed to each jurisdiction based on population share.
 - Provides flexibility and local (city) control to address community-specific transportation needs and priorities.
 - Ensures opportunities for public input as each jurisdiction sets its priorities.
 - Eligible uses include:
 - Road and bridge repairs, maintenance, and rehabilitation
 - Safety and congestion relief projects
 - Pedestrian, bicycle, sidewalk, crosswalk, multiuse path, and Safe Routes to School improvements
 - Community enhancements
 - Signal upgrades and synchronization
 - Local transit or trolley services
 - Other local transportation priorities

Relevance to City of San Luis Obispo: The City would receive a population-based share of the 55% allocation, estimated at just over \$3.2 million per year. The

use of these funds would be fully at the City's discretion, provided they are used to supplement transportation-related projects and programs. Potential uses include expanded roadway maintenance, funding capital improvements such as Prado Road Interchange and creek bridge widening, the Foothill, Broad, and Higuera Complete Streets projects, neighborhood traffic calming efforts, Vision Zero efforts, or implementation of the Short-Range Transit Plan.

2. 40% – Regional Corridor Improvements (SLOCOG-Determined)

- Funds distributed by formula to support regional priorities, based on population share within the four subregions described below (see Figure 2 on following pages for a map of the four subregions).
- Ensures equitable and guaranteed distribution across four subregions:
 - North County
 - North Coast
 - Central County
 - South County
- Allows flexibility to meet varying needs in each subregion.
- Provides opportunities for public input when SLOCOG sets regional priorities.
- Eligible uses include:
 - Highway, arterial, interchange, and bridge improvements
 - Vanpool/carpool programs
 - Regional trail corridors
 - Safety and congestion relief projects
 - Regional transit investments

Relevance to City of San Luis Obispo: *The City of San Luis Obispo is part of the “Central Region,” which also includes nearby unincorporated areas such as Avila Beach (see Figure 2). The Central Region is estimated to receive just over \$3 million annually for regional transportation projects. These funds would be distributed through a SLOCOG-led funding cycle, including a competitive call for projects. Under this structure, the City of San Luis Obispo would compete only within the Central Region. Examples of eligible regional projects include the Prado Road Interchange, a new regional transit center, or implementation of County Corridor Plans such as Highway 227 and Buckley Road.*

3. 4% – Senior, Disabled, and Veterans Mobility Improvements (SLOCOG-Determined)

- Uses a public process, aligned with existing procedures, to identify and address mobility needs for individuals with mobility challenges.
- Ensures public input when SLOCOG determines funding priorities.

Relevance to City of San Luis Obispo: *This 4% funding allocation, estimated at approximately \$1.4 million per year, is intended to support new programs focused specifically on mobility for seniors, people with disabilities, and veterans. Potential uses include providing free transit services for these populations or implementing a microtransit program tailored to their needs. Funding could be pursued by*

individual agencies, such as SLO Transit, or through partnerships.

4. 1% – Administration of Measure Funds

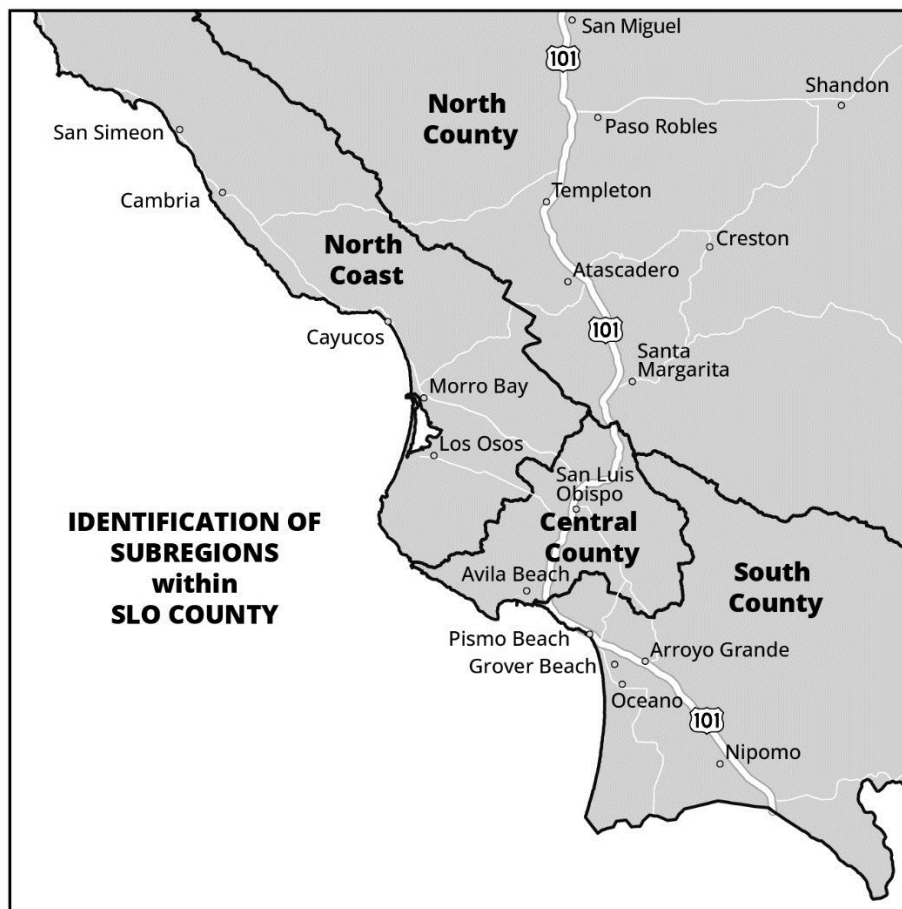
- Covers required administrative functions, including:
 - Development of Implementation Plans
 - Project prioritization
 - Annual financial audits
 - Outreach and communication
 - Revenue distribution to jurisdictions
 - Support for Measure-related committees
 - Technical assistance

Relevance to City of San Luis Obispo: This allocation up to 1% of total revenues and estimated at approximately \$350,000 annually, would be used exclusively to support SLOCOG’s administrative responsibilities, including planning, oversight, and program development necessary to successfully implement the measure. The City of San Luis Obispo would not receive any direct portion of this.

Table 1: 1-Year Distribution of \$35M

	Population*	%	Distribution
55% for Local Control: Local Road Repair, Safety and Improvements			
Arroyo Grande	18,441	6.5%	\$ 1,256,955
Atascadero	29,773	10.5%	\$ 2,029,354
Grover Beach	12,701	4.5%	\$ 865,712
Morro Bay	10,757	3.8%	\$ 733,207
Paso Robles	31,490	11.2%	\$ 2,146,387
Pismo Beach	8,072	2.9%	\$ 550,195
San Luis Obispo	47,063	16.7%	\$ 3,207,856
Unincorporated	124,123	43.9%	\$ 8,460,335
Total	282,420	100.0%	\$ 19,250,000
40% for Regional Corridor Improvements			
North County	99,329	35.2%	\$ 4,923,893
South County	80,716	28.6%	\$ 4,001,218
Central County	40,125	14.2%	\$ 3,085,830
North Coast	62,250	22.0%	\$ 1,989,059
Total	282,420	100.0%	\$ 14,000,000
4% for Senior/Disabled/Veterans' Mobility Improvements			\$ 1,400,000
1% Administration Costs (Maximum)			\$ 350,000
TOTAL			\$ 35,000,000
<i>*Based on 2020 Census</i>			

Figure 2: Subregions within SLO County



SLOCOG's Draft Transportation Expenditure Plan includes a comprehensive set of accountability, transparency, and performance requirements designed to protect local interests and ensure Measure funds are used effectively. Several provisions are especially important for cities:

Maintenance of Effort (MOE): The Plan includes an MOE³ requirement to ensure jurisdictions cannot replace existing General Fund transportation spending with Measure funds. Each local agency must maintain, at a minimum, the same level of discretionary General Fund revenues that were spent on average for Fiscal Years 2024, 2025, and 2026 for transportation purposes. If the measure is approved, SLOCOG staff will work with City staff to establish this baseline by reviewing transportation budgets and funding sources from that period. Certain funding sources are excluded from the MOE calculation, even if they are accounted for within the General Fund, including grants, and other special revenues such as gas tax funds or assessment district fees.

³ Maintenance of Effort (MOE) is a requirement that obligates jurisdictions to continue funding transportation at or above established baseline levels after the adoption of a new revenue source. This ensures that new transportation sales tax revenues are used to enhance overall transportation investment and are not used to supplant existing local transportation funds.

Eligibility Requirements: To receive Measure funding, jurisdictions must maintain certain programs, including a Mitigation Fee Program, Circulation Element, Capital Improvement Program, Pavement Maintenance Plan, and annual Expenditure Report. The City of San Luis Obispo already maintains these programs. SLOCOG's role is limited to verifying that these plans have been formally adopted; once adopted, the eligibility requirement is met.

Local Discretion and Reporting: The City's *local* allocation does not require prior approval from SLOCOG or its Board before funds are spent. Spending decisions remain entirely at the City's discretion. However, the City must submit an annual report documenting how discretionary funds were used, which SLOCOG will review for consistency with eligibility requirements. The City already performs similar reporting for SB 1 gas tax compliance, however, this measure would require preparation of a new, separate report.

Regional Fund Time Limits: The *regional* allocation will be distributed through a call-for-projects process. Agencies awarded funding, similar to grant agreements, will agree to time limits for when funds must be spent.

Planning and Performance Evaluation: To support long-range planning and continuous improvement, the Plan requires regular updates and evaluations led by SLOCOG staff. These include biennial implementation plans, three-year performance assessments, and a ten-year comprehensive review to assess changing needs, costs, and conditions.

Citizens' Oversight Committee: The Plan establishes a Citizens' Oversight Committee to ensure transparency and accountability. The Committee of 12 members would be made up of one resident representative appointed by each incorporated city (Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, San Luis Obispo) and one member from each of the County's Supervisorial District's within the unincorporated areas. The SLOCOG Policy Board will approve the appointments to the Committee. The Committee will review expenditure plans and reporting and will make recommendations and findings to the SLOCOG Policy Board.

Plan Updates and Excess Revenue: The Plan also outlines processes for future updates, amendments, and allocation of any excess revenues.

Together, these provisions create a framework emphasizing transparency, local control, financial responsibility, and accountability, which are critical for City Councils evaluating whether the proposed measure aligns with community priorities and governance expectations. Additional details are provided in the Draft Transportation Expenditure Plan (Attachment A) and the December 10, 2025 SLOCOG Board Staff Report (Attachment B).

Schedule and Next Steps

SLOCOG is leading the effort to initiate the transportation sales tax by drafting the ordinance. The County Board of Supervisors must approve the ordinance in order for the measure to be placed before voters.

Following SLOCOG Board direction in December 2025, SLOCOG staff have been presenting the Draft Transportation Expenditure Plan to the seven City Councils to gather input for potential revisions. Recommendations from these meetings will be evaluated for incorporation into the Final Expenditure Plan. The SLOCOG Board is scheduled to review and consider approval of the Final Expenditure Plan and introduce the associated Ordinance at its February 4, 2026, meeting.

After SLOCOG Board action, the Final Expenditure Plan will be returned to each city and the County for approval. To move forward, the ordinance must be approved by a majority of the cities, *and* those approving cities must collectively represent a majority of the region's population. If this majority approval is reached, the SLOCOG Board may take final action to submit the measure to the County Board of Supervisors for placement on a future ballot—the earliest option being November 2026. If voters approve the tax, it would be applied countywide, regardless of whether an individual city supported the measure.

Key Milestones and Timeline

- **Summer–Fall 2025:** Engagement activities, focus groups, workshops, and polling.
- **November 2025:** Development of the Draft Transportation Expenditure Plan and continued engagement.
- **December 10, 2025 – SLOCOG Board Meeting:** Review and comment on the Draft Plan; release the Draft Plan to cities and the County for review.
- **December 2025–January 2026:** Local agency review and comment period.
 - **January 20, 2026:** City of San Luis Obispo Council consideration.
- **February 4, 2026 – SLOCOG Board Meeting:** Address local agency comments; approve the Final Expenditure Plan; introduce the Ordinance; transmit Final Plan to cities and the County for formal approval.
- **February–March 2026:** City and County approval of the Final Expenditure Plan.
 - **March 3, 2026:** City of San Luis Obispo Council consideration.
- **April 1, 2026 – SLOCOG Board Meeting:** Consider adoption of the Ordinance and Measure materials.

Previous Council or Advisory Body Action

On June 21, 2016, the City Council adopted a resolution approving the 2016 San Luis Obispo County Self-Help Transportation Investment Plan. As mentioned above, this

previous sales tax measure (Measure J) was ultimately unsuccessful at the November 2016 General Election.

On [March 5, 2024](#), the City Council received a [presentation](#) on a Draft Transportation Investment Plan and formed an ad hoc subcommittee to review it; however, the proposed measure ultimately was not advanced to the ballot.

This item is the first formal presentation to the City Council on the 2026 Countywide Self-Help Transportation Sales Tax Measure proposal.

Public Engagement

This item is scheduled for the City Council meeting on January 20, 2026. Staff will complete all required postings and notifications. The public will have the opportunity to provide comments at or before the meeting. If the SLOCOG Board elects to continue advancing the transportation sales tax measure, the item is expected to return to the City Council on March 3, 2026, for additional discussion.

To inform development of the Draft Transportation Expenditure Plan, SLOCOG staff and consultant teams engaged with the community throughout 2025. Outreach included meetings with community groups and organizations, responses to media inquiries, and a dedicated [project website](#) with information and a public survey. Four focus groups were conducted in August 2025, and seven workshops (six in person and one virtual) were held in Fall 2025 throughout the County. Polling was also completed during Fall 2025.

Since June 1, 2025, SLOCOG has presented at nearly 70 public and community meetings across the region. The following is a list of those specifically relevant to, and with representation from, City of San Luis Obispo community members:

- Safe Routes to School (SRTS) Taskforce on April 10, 2025
- SLO Morning Kiwanis Club on June 17, 2025
- SLO Chamber Joint Government and Legislative Committee on July 10, 2025, and December 10, 2025
- SLO & Santa Barbara Counties Construction Trades on July 10, 2025
- Democrats of San Luis Obispo Club on August 11, 2025
- SLOCOG lead focus group (1 of 4 countywide) on August 20, 2025
- SLO Commission on Aging on September 24, 2025
- COLAB on October 14, 2025
- American Council of Engineering Companies, SLO Chapter on October 15, 2025
- REACH - BDC Event on November 12, 2025
- American Society of Civil Engineers, SLO Chapter on December 4, 2025

Outreach efforts were promoted by SLOCOG through public Board meetings, County Advisory Committee newsletters, coordination with city and county staff and managers, press releases, media outreach, and a dedicated SLOCOG e-blast. Staff continue to coordinate with City Managers, the County Executive Officer, transit operators, and other partners to gather insights on key issues and needs.

Public input remains encouraged through the Local Roads First website and survey at www.localroadsfirst.com.

CONCURRENCE

This staff report was reviewed and approved by the City Public Works and Utilities Department, Finance Department, City Attorney and City Administration.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report because the action does not constitute a “Project” under CEQA Guidelines Section 15378. All projects funded with potential future transportation sales tax funds will be required to complete appropriate CEQA analysis and other environmental review as required.

FISCAL IMPACT

Budgeted: N/A

Budget Year: N/A

Funding Identified: N/A

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$ N/A	\$0	\$0	\$0
State				
Federal				
Fees				
Other:				
Total	\$N/A	\$0	\$0	\$0

There are no immediate fiscal impacts to the City by supporting the Draft Transportation Expenditure Plan, or in supporting the potential addition of a transportation sales tax measure on the ballot in November.

If the 0.5% sales tax measure is passed, this would increase the City of San Luis Obispo’s [current sales tax](#) level from 8.75% to 9.25%. SLOCOG estimates⁴ that for individuals earning a salary of \$60,000, the increase of 0.5% sales tax would cost \$2.31 per week.

The measure is projected to generate approximately \$35 million per year countywide, or about \$1 billion over 30 years, assuming no cost escalation. Of this total, revenues would be split between local and regional projects. The City of San Luis Obispo is estimated to

⁴ Source: SLOCOG [Local Roads First FAQs](#)

receive approximately \$3.2 million per year directly. Over the 30-year life of the measure, this would total about \$96 million to support eligible local projects such as road maintenance, congestion relief, active transportation, and safety improvements. Additionally, the City would capture and benefit from millions of dollars from the Central County Regional investments for regional road safety, public transportation, and active transportation projects and improvements.

If the measure moves forward and is passed by voters, to be eligible to receive funding per the Draft Transportation Expenditure Plan Maintenance of Effort section, the City would be required to maintain, at a minimum, the same level of local General Fund revenues that were expended on average for Fiscal Years 2024, 2025, and 2026 for transportation purposes. (Note that this average is General Fund revenue only and does not include revenue from additional taxes or revenues, such as grants, gas tax or the City of San Luis Obispo's Local Revenue Measure.)

There would be no direct costs to the City related to adding this proposed measure to the November ballot, as the full costs would be funded by SLOCOG.

ALTERNATIVES

The Council may choose not to provide feedback regarding a potential sales tax measure or the Draft Transportation Expenditure Plan at this time.

SLOCOG staff will return to the SLOCOG Board on February 4, 2026, to present feedback received through stakeholder outreach and to receive direction on next steps. This may include refinements to the proposed measure and Transportation Expenditure Plan, as well as direction on whether to continue advancing the proposal for placement on the November 2026 ballot. If the measure proceeds and the Council does not provide input at the January 20 meeting, there will be limited time for SLOCOG staff and the Board to incorporate the City's comments and ensure that City priorities are adequately reflected in the final ballot measure and Transportation Expenditure Plan.

To move forward, the ordinance must be approved by a majority of the cities, and those approving cities must collectively represent a majority of the region's population. If this majority approval is not reached, or if the SLOCOG Board or Coard of Supervisors chooses not to support the proposed sales tax measure, the current Regional Transportation Plan remains underfunded by \$2.4 billion based on existing revenue forecasts, and without a new, locally controlled funding source, many planned local and regional transportation maintenance and improvement projects will not be achievable.

ATTACHMENTS

A - Draft Transportation Expenditure Plan

B - December 10, 2025, SLOCOG Board Staff Report on Regional Self -Help Measure