

SAN LUIS OBISPO COUNCIL OF GOVERNMENTS

STAFF REPORT

MEETING DATE: DECEMBER 10, 2025

ITEM F-2

SUBJECT: Supplemental Funding Update: Polling Results, Draft Expenditure Plan, Implementation Guidelines, and Next Steps

STAFF CONTACT: James Worthley/Annie Bowsky/Kendall Flint, DKS/Richard Bernard, FM3

SUMMARY

Transportation funding for future infrastructure falls short of our needs within the San Luis Obispo region. A dedicated, local transportation sales tax is an invaluable tool that 25 California county transportation authorities use to deliver timely, cost-efficient transportation improvements to their communities. Adding San Luis Obispo county to the list of California's self-help counties would help unlock hundreds of millions of dollars in additional transportation funding, guaranteeing, and delivering much-needed transportation improvements and repairs for our residents and to our communities.



A San Luis Obispo regional, ½ cent sales tax for transportation would:

- Generate \$35M annually, escalating each year (topping \$1B over 30 years without escalations)
- Reclaim \$0.8M to \$1M, annually, from State funds
- Collect a \$3M to \$5M one-time windfall from State funds
- Qualify the region to receive our fair-share of State and Federal funds (our neighboring Central Coast Counties have seen average annual grants that equal or nearly double collected tax amounts)
- Include Investment Guidelines providing safeguards, assurances, and oversight of all funds.
- Guarantee 99% of all funds be for transportation-related improvements within the Expenditure Plan

Attachments: Draft Polling Results and Draft Transportation Expenditure Plan / Implementation Guidelines

RECOMMENDATIONS

SLOCOG Board Approved: 10-1, with 1 absent

- Staff:**
- 1) Receive and Comment
 - 2) Adopt Distribution Formulas
 - 3) Direct Staff to Present Draft Expenditure Plan materials to Member Agencies and Seek Comments / Feedback; and Proceed with Development/Refinement of Draft Materials
 - 4) Direct Staff to Publish a Public Hearing Notice ahead of the February 4, 2026 Board Meeting
 - 5) Direct Staff to Return on February 4, 2026 for SLOCOG Board Review of Comments Received and Determination of Next Steps.
 - 6) Direct Staff to Fund a 2026 Tracking Poll within Existing Contract Services and Budget.

TTAC: Support Staff Recommendation.

CTAC: Support Staff Recommendation.

SSTAC: Support Staff Recommendation.

DISCUSSION

Successful Transportation Measures are built upon input received through presentations, website feedback, focus groups, workshops and stakeholder input. The desired result is an equitable distribution of funding, with "right-fit" investments and flexibility, to address multiple transportation needs throughout the region. Staff worked with its consultant teams (DKS Associates, FM3, and Koble Collaborative), gained input from community groups and organizations, responded to media inquiries and interviews, hosted a website with information and a survey to gain input from the public, Four focus groups were completed in August 2025, 6 in person and 1 virtual Workshops were completed in Fall 2025, Polling was completed in Fall 2025, and SLOCOG has presented at nearly 70 public or community meetings, groups, and workshops across the region since June 1, 2025. With this information gathered, staff worked with its partners and the consultant team to prepare the draft Transportation Expenditure Plan and Implementation Guidelines for Board review.

Staff continue its efforts to engage with the public and key stakeholders to seek and share information and to refine necessary materials.

Polling Results – [Attachment 1](#) (*Attachment 1, developed by FM3, is anticipated to be available for download on 12/8/25*)

A statistically-valid poll (phone/text/email) began in October 2025. FM3 conducted an 18-minute survey among 1,000+ randomly selected November 2026 likely voters in San Luis Obispo County. The survey was conducted using dual-mode methodology where the survey is conducted both online and by land and cellular phones. The survey was offered in Spanish and English both online and by phone. A sample size of 1,000+ has a margin of error of $\pm 3.1\%$ (at the 95% confidence level).

Results of this poll will be presented at the SLOCOG meeting.

Prior to the April 1, 2026 Board meeting, the completion of a Tracking Poll is recommended to ascertain voter perspectives on the Draft Expenditure Plan. By shifting funds within the existing Local Roads First contracts, this poll may be completed using currently budgeted resources. \$35,000 would complete a 600 person poll; \$50,000 would complete a 1,000 person poll. Results of this poll would be provided at the April 1st 2026, SLOCOG Board meeting

Draft Transportation Expenditure Plan and Implementation Guidelines – [Attachment 2](#)

Expenditure Plans provide the allocation and revenue distribution of unescalated revenues (with no presumptions of State/Federal grants). Staff, and its consultants, considered all feedback to date and developed the draft Transportation Expenditure Plan resulting in the following distributions and premises.

1. 55% for Local Road Repairs, Safety and Improvements (Jurisdictions determined)
 - a. Distribute funds by formula to the jurisdictions based on share of population
 - b. Build in flexibility through local control recognizing that each local agency (and its public) may differ in their transportation funding needs and priorities.
 - c. Assure the public has a voice when each local agency determines its priorities.
 - d. Uses may include (as determined by the local agency): Road and bridge repairs, maintenance, rehabilitation, safety, and congestion relief; pedestrian, bicycle, sidewalks, crosswalks, multiuse path, Safe Routes to School, and community enhancements, Signal improvements/synchronization, local transit or trolley services, and other local transportation priorities.
2. 40% for Regional Corridor Improvements (SLOCOG determined)
 - a. Distribute funds by formula guaranteeing regional improvements based on share of population.
 - b. Assure equitable, guaranteed, distribution by using 4 subregions: North County, North Coast, Central County, and South County
 - c. Build in flexibility to recognize each subregion's priority needs may differ from another.
 - d. Assure the public has a voice when SLOCOG determines priorities.
 - e. Uses can include: Improvements to highways, arterials, interchanges, bridges, van/carpool programs, regional trail corridors, safety/congestion relief, and regional transit.
3. 4% for Senior/Disabled/Veterans' mobility improvements (SLOCOG determined)
 - a. Use a public process in conjunction with current procedures to address and improve mobility of those that are mobility challenged.
 - b. Assure the public has a voice when SLOCOG determines its priorities.
4. 1% for Administration of the Measure Funds
 - a. Tasks include: Developing Implementation Plan, Project Prioritization, Annual Audits, Outreach and Communication, Revenue distributions to jurisdictions, Support for Measure-related Committees and technical assistance.

To distribute funds, staff reviewed various data metrics (including Population, Sales Taxes collected, Road miles, and Employment by city and by subregion) and various combinations with the City Managers in October 2025 and received concurrence for the previously described funding distribution methodology. Ultimately, the goal is an fair, equitable, and understandable (to the public) distribution of funds.

1-Year Distribution of \$35M, as described above:

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

Draft Implementation Guidelines (included within the Transportation Expenditure Plan) include Safeguards and policies for use of Measure funds. These Safeguards were developed and included within the draft Implementation Guidelines to provide public assurances that the funds will be spent as promised, including:

1. Maintenance of Effort: Seeks to protect transportation investments from replacing current levels of general funds spent on transportation with Measure funds leading to diminished transportation benefits.
2. Mitigation Fee Program: Assures the public that new development pays a fair share of necessary improvements attributable to the new development.
3. Circulation Element: Assures the public the jurisdiction has a transportation plan that aligns with their General Plan
4. Capital Improvement Program: Provide the public a clear understanding of where Measure Funds will go in the coming 4-6 years.
5. Pavement Management Plan: Requires road conditions inventory, analysis, and evaluation to show: current status, a multi-year plan for road maintenance, and projected pavement conditions.
6. Expenditure Report: Annually, a city-developed report generated to account for Measure funds (received and expended), impact fees and transportation expenditures to satisfy the Maintenance of Effort requirements. Provides the public with clear understanding of all funds received, and interest gained, as well as expenditures.
7. Time Limits for Use for Regional Projects: Sets a 'use by' date to assure Regional funds are not sitting unused for an excessive period of time.
8. No Supplanting of Funds: Assures public that Measure funds will not supplant developer funding.
9. Repercussions: Identifies actions -all the way to withholdings and repayment – if funds were used inappropriately.
10. Regular Status Reports: Provides Board and public updates at public meetings on major projects.
11. Annual Report: A report published to the Board and public on how all Measure funds have been spent and progress in implementing the Plan.
12. Biennial Implementation Plan: Every two years, Measure funds are programmed working with member agencies and stakeholders. Board reviews draft in public hearing and incorporates feedback before adopting.

13. Performance Assessment: Every three years, prepare an evaluation of the efficiency, effectiveness and results of the provisions and requirements of the Expenditure Plan and Ordinance.
14. Ten-Year Comprehensive Program Review: A broad review of the full program along with assessment of changes to local, state, and federal transportation plans and policies; land use; travel and growth; project cost estimates; constraints; and revenue projections.
15. Amendment Process: There would be **no provision** or allowable amendment to change funding categories or overall allocation formulas without voter approval. Amendments provide an option to make changes within the Plan to account for unanticipated funds or respond to unforeseen circumstances with extensive notifications through public review and hearings.
16. Bonding Authority: Does not immediately enact bonds, but allows consideration of bonding (through a public process) should it make sense to advance projects, Measure funds would be used for repayment of Measure-eligible expenses only.
17. Excess Revenues: If revenues exceed projections, primary and secondary uses would be identified.
18. Financial Audits: Independent financial audits of all revenues and expenditures provide public with transparency and accountability assurances.
19. Program Administration: Under current law, a cap of no more than 1.5% of Measure funds can be used for administrative activities (i.e., Developing Implementation Plan, Project Prioritization, Audits, Outreach and Communication, Revenue Allocation to jurisdictions, Support for (Measure) Committees and technical assistance). The draft Transportation Expenditure Plan caps Administrative costs at 1%.
20. Citizens' Oversight Committee: Reviews and provides recommendations on financial and programmatic aspects – review audits and reports, presents recommendations, etc. Provides public assurances that average citizens are also watching. Membership proposed: 12 members.
 - 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 San Luis Obispo County's Supervisorial District's within the unincorporated areas. (Total of 12)

All sections of an Ordinance are to be drafted. Such an Ordinance is the actual local law a regional board adopts to place a measure on the ballot. A few typical components include:

- Title and Authority
- Findings and Purpose
- Tax Imposition (type, rate, duration, etc.)
- Effective Date
- The Investment or Expenditure Plan and Guidelines with Safeguards (Oversight and Accountability)

Schedule and Next Steps

The draft expenditure plan, if supported by the SLOCOG Board, would be sent to the seven city councils and Board of Supervisors for review and input (eight meetings). Changes/recommendations from these meetings will be considered for inclusion into a final expenditure plan. The SLOCOG Board would then have the opportunity to review and consider approval of the final expenditure plan - with any final modifications - and direct staff to seek city/county approvals as well (8 more meetings). Following city/county meetings, the SLOCOG Board may then consider its final approval and to send it to the BOS for inclusion on a future ballot – November 2026 would be the first such opportunity.

- Summer and Fall 2025: Engagement Efforts, Focus Groups, Workshops and Polling
- November 2025: Drafting of the Expenditure Plan and Guidelines) and Engagement opportunities
- **December 10, 2025: SLOCOG Board Meeting**: Review/Comment on Draft Expenditure Plan; Send / Present Draft to Cities/County for review and input.
- December 2025/January 2026: Cities and County Review/Comment on Draft Expenditure Plan

- **February 4, 2026: SLOCOG Board Meeting:** Receive/Address Jurisdictions' comments/adjustments; Review/Approve Final Measure Materials; Introduce Ordinance; Send Final Expenditure Plan to Cities/County for Approvals
- February/March 2026: Cities and County consider Approval of Final Expenditure Plan.
- **April 1, 2026: SLOCOG Board Meeting:** Receive Tracking Poll Results and Consider Adoption of Ordinance along with Measure Materials.

Jurisdiction	Council / Board Action item to: Review and provide input into draft plan
SLOCOG	12/10/25
Arroyo Grande	1/13/25
Atascadero	1/13/26
Grover Beach	1/12/26
Morro Bay	1/13/26
Paso Robles	12/16/25
Pismo Beach	12/16/25
SLO City	1/20/26
County BOS	1/27/26

BACKGROUND

Benefits of a Dedicated Transportation Sales Tax

Transportation investments improve the region's: safety, reliability, mobility, goods movement, and economic vitality; and a sales tax is paid by all users of the transportation system, including tourists. Regions ([self-help counties](#)) with more local funding have a competitive advantage: they are better able to build and maintain infrastructure and services, recapture competitive funds (our paid taxes), and have more flexibility to build partnerships and prepare for new technologies and future challenges.

Our jurisdictions require additional funds to repair our roadways, to deliver local and regional safety improvements, to improve transportation overall, and to offer as a match in order to capture our paid taxes through competitive State or Federal funds. Higher matches can leverage or 'win' more funds from Sacramento. Without our own dedicated transportation sales tax, we are effectively providing a 'tax holiday' to our tourists that come from the 25 counties with their own dedicated transportation sales tax.

The Insufficient Status Quo

The region's current funding path relies not only on stable state and federal fund sources but also aspires to win competitive state and federal transportation grants. Every two years, SLOCOG programs its formula allotment of state and federal transportation funds.

The 2023 Regional Transportation Plan (RTP) identified a transportation funding shortfall of \$2.4B and the initial financial estimates of the 2027 RTP anticipate transportation funding shortfalls topping \$3B (Agenda item F-1 October 2025). Similarly, the success of the Major Transportation Projects (Agenda item F-2 October 2025) leans heavily upon the success of a local transportation-specific sales tax measure.

Projects are Cheaper Now than Tomorrow

Regions with a sales tax have a significant advantage over those without. When their new improvements are 'fully funded' but run into unexpected project escalations or inflation, these regions can use sales tax revenues to close the gap rather than losing the project (sometimes grant funded) or delaying for several months or years to await additional funding (and incurring further cost escalations). All regions are susceptible to State budget cuts (i.e., the 2024 proposed 50% cut to REAP funding in the State) but measure counties are better equipped to backfill and deliver improvements in spite of the state cuts.

The other four counties on the Central Coast annually generate \$25m-\$50m through their dedicated transportation sales tax to address the funding needs of their counties and they are successful in leveraging large competitive grants using their sales tax funds. In total, 25 California counties (7 of the 8 in Southern

California, 4 of the 5 on the Central Coast, 8 of the 9 in the Bay Area, 6 of the 8 in the Central Valley and Sacramento), have voter-approved dedicated transportation sales taxes. These 25 counties account for 89% of all Californians. Without a dedicated local sales tax, SLO county is not able to secure its fair share of billions in State and Federal grants.

Ability to Leverage

Comparing one investment category (Active Transportation), In FY 22/23, Santa Cruz COG 'won' \$115m from Sacramento using their \$32M of their 2016 sales tax measure funds. The Santa Cruz region has another \$53m remaining in measure funds to use as leverage for more Active Transportation grants and has other categories of funding (Highway Corridors, Rail, and Neighborhood Projects) to also seek grants. In comparison, SLOCOG's 2023 long range plan projects \$184m for Active Transportation in our region between 2023 and 2045. Monterey will spend \$600m from their 2016 measure funds on road maintenance and improvements in the coming decades. This is on top of their local jurisdictions' annual investments and state or federal allotments, and they will use some of it to leverage or 'win' State and Federal funds, outpacing our region.

With the failure of Measure J in 2016, the region lost out on over \$270M in the last 9 years and this could have easily doubled (or more) by capturing grants and competitive funds from State and Federal grants. The impact of a dedicated transportation sales tax for successful measure counties is evident. Those counties deliver more projects and investments, faster, and at a lower cost.

Shrinking Fuel Tax

Reliant on the fuel tax, locally, we have a funding problem. Most of our jurisdictions have pavement conditions that are too low – costing more to maintain - and do not have a path to reach pavement condition levels that are less costly to maintain. Our primary artery, U.S. 101 has recurring congestion in South County and has seen emerging congestion in North County, and we do not have the funding necessary to address its existing or emerging congestion and safety issues. Gasoline gallons consumed in California hit their peak in 2017 and 2018 topping 15.5B gallons. Discounting the significant drop due to COVID-19, every year sees a decrease in consumption from the prior year. 2023 and 2024 gasoline consumption was 13.6B and 13.4B gallons respectively (Source: CDTFA).

Better Together

Setting aside our own self-interests can be challenging, but a regional approach helps to build the infrastructure for today and the next generation. There is a holistic benefit of a regional measure. City measures collect and spend only within their borders, yet, our residents travel beyond the singular bubbles of each city and community, whether for commuting, shopping, or entertainment. We all do better when *everyone* does better. An increase of transportation funding across the region provides benefits (safety, access, mobility, cost-savings, etc.) to each person, community, and jurisdiction. With both local needs and regional needs, collaboration and coordination would be a key aspect if both a regional measure and a local measure were on the same ballot.

Presentations are ongoing: Encouraging feedback through the www.localROADSfirst.com website, SLOCOG continues to inform residents through engagement meetings, more presentations are already scheduled in 2026, and staff is open to additional presentation requests. With or without a presentation, the public is invited to share their thoughts, questions, and preferred allocations across transportation improvement areas through the LRF website and survey. Future presentations will now shift to showcase the draft Expenditure Plan. Additionally, staff continue to work with the City Managers, County Executive Officer, Transit Operators and others to gain insights into key aspects, topics, and needs.

Public Workshops were completed: Six in-person workshops, and one virtual workshop, was held in September/October. Staff encouraged attendance through: 3-minute public comments at City Council meetings, articles within County Advisory Committee newsletters, coordination with city managers and city and county staff, a press release, media outreach, and a dedicated SLOCOG eblast.

Four Focus Groups completed: In August, one Focus Group was held in each of the four subregions. For each group, 12 residents were sought and confirmed, along with several backup members should a confirmation fall through. Using registered voter information, the intent was a representative sample across metrics (political registration, age, gender, community) within each subregion using a random-selection

process. These 2-hour meetings were facilitated by Koble Collaborative, Inc.; one page of conclusions is included below; and memorandum is attached [ATTACHMENTS - October 1, 2025-F-3](#).

Self-Help Measures Impacts on the Central Coast

The impact of Self-Help measures in other counties is evident. They deliver more projects and investments, faster, and at a lower cost for their residents and visitors. Additionally, these four Self-help counties have leveraged hundreds of millions of State dollars back to their counties using their transportation measure funds. Each region receives its fair-share of formula funds, but without a significant influx of matching funds, the San Luis Obispo region cannot successfully compete to win back our fair share from Sacramento.

Self-Help Counties have a competitive advantage: they are better able to build and maintain infrastructure and services, recapture competitive funds (our paid taxes), and have more flexibility to build partnerships and prepare for new technologies.

In the San Luis Obispo region, a voter-approved 1/2% sales tax measure would generate \$35m/year (2024) and would be used to leverage state and federal funding grants. Well-over a billion dollars could be leveraged back to the San Luis Obispo region in 30 years using the approach of self-help counties. Currently, there are 25 CA self-help counties (transportation-specific sales tax) that encompass 89% of all Californians.

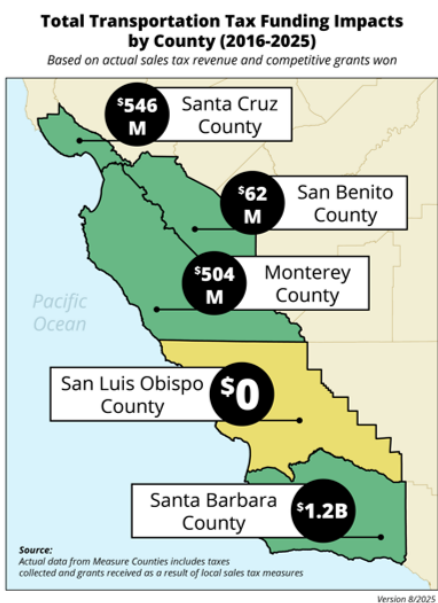
Our neighboring counties and SLOCOG each receive formula funds. Unlike SLOCOG, they collect a transportation-specific sales tax raising and investing \$25M to \$50M, annually into their transportation systems and they recapture gas tax funds that are reserved only for self-help counties. Moreover, they use these funds to also leverage competitive grants back to their county.

Looking back over the past 10 years, neighboring counties have raised \$200M - \$450M through their respective transportation-specific tax (San Benito County is much, much smaller in population and revenue generation). Using solely these tax dollars, they then won (or leveraged) State grants—ranging from \$200M to over \$750M, in ten years or less. Comparatively, the San Luis Obispo region has lost out on \$270M that would have been collected had a transportation measure passed in 2016, and another \$330-\$430M in likely our share of grant awards. Overall, this is a loss of transportation investment of \$600M to \$700M in the last nine years. This significant level of investment would have been used to improve Highways and interchanges, transit, mobility, Safe Routes to School, safety, road maintenance and more within our communities and throughout the region.

What our Neighbors Have Invested Since 2016.....

Currently, 25 Counties (89% of Californians) **HAVE** a Voter-approved Transportation Tax

Region	Collected	Grants Won
Santa Cruz	\$196M	\$350M
Monterey	\$277M	\$227M
Santa Barbara	\$458M	\$759M
SLO	\$0	\$0
Lost out on	\$270M	\$430M



Using formula funds (similar to those that all COGs receive), SLOCOG has been successful in securing grants as well, including recent awards for:

- Bob Jones, \$18M grant
- US 101 southbound South County (Shell Beach) improvement: \$61M.

The table, left, identifies grants won by neighboring counties specifically using their measure funds as the grant match.

