

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 7/19/2016	(3) CONTACT/PHONE Dave Flynn, Deputy Director of Public Works (805) 781-4463	
(4) SUBJECT Submittal of a resolution calling for a special election of the <i>San Luis Obispo County Self-Help Local Transportation Investment Plan</i> measure imposing a half-cent retail transaction (sales) tax on the incorporated and unincorporated areas of the County and to consolidate the special election with the November 8, 2016 statewide general election. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board adopt the attached resolution which calls for a special election of the <i>San Luis Obispo County Self-Help Local Transportation Investment Plan</i> measure seeking voter approval of a half-cent retail transaction (sales) tax within the seven cities and the County and that the special election be combined with the November 8, 2016 statewide general election.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input checked="" type="checkbox"/> Board Business (Time Est. 40 min.)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 4/19/16, #36; 7/12/16, #30	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim			
(18) SUPERVISOR DISTRICT(S) All Districts			

Reference: 16JUL19-BB-1

County of San Luis Obispo



TO: Board of Supervisors
FROM: Public Works
Dave Flynn, Deputy Director of Public Works
VIA: Wade Horton, Director of Public Works
DATE: 7/19/2016

SUBJECT: Submittal of a resolution calling for a special election of the *San Luis Obispo County Self-Help Local Transportation Investment Plan* measure imposing a half-cent retail transaction (sales) tax on the incorporated and unincorporated areas of the County and to consolidate the special election with the November 8, 2016 statewide general election. All Districts.

RECOMMENDATION

It is recommended that the Board adopt the attached resolution which calls for a special election of the *San Luis Obispo County Self-Help Local Transportation Investment Plan* measure seeking voter approval of a half-cent retail transaction (sales) tax within the seven cities and the County and that the special election be combined with the November 8, 2016 statewide general election.

DISCUSSION

Over the past thirty years, funding for transportation has shifted away from a statewide distribution towards the implementation of funding developed at the regional level. Traditional funding sources such as gas taxes have not kept pace with system maintenance requirements, let alone address capacity and enhancement needs for California. As a result, twenty counties have established "Self-Help" status by enacting local retail transaction tax proposed measures for transportation improvements. The current list of "Self-Help" counties covers about 84% of California's population. Of the remaining counties, about ten are currently working to place a proposed tax measure before voters in order to address their transportation needs.

In moving forward on a proposed tax measure, Public Utilities Code Section 180206 requires that a Transportation Investment Plan be adopted and presented to the public under the ballot proposed measure. Your Board, and a majority of City Councils, have approved the Transportation Investment Plan in order to place the proposed measure on the ballot. The San Luis Obispo Council of Governments' Board adopted the Transportation Investment Plan and ordinance at their June 13, 2016 meeting. The next step involves the Board of Supervisors calling for an election by the voters this fall. A transportation retail transaction tax proposed measure then must receive two-thirds voter approval to pass (Public Utilities Code 180206(b).)

The proposed measure, if adopted and passed by the voters, would establish a half-cent sales tax program, for a nine-year term, affecting all cities and the unincorporated areas of the County.

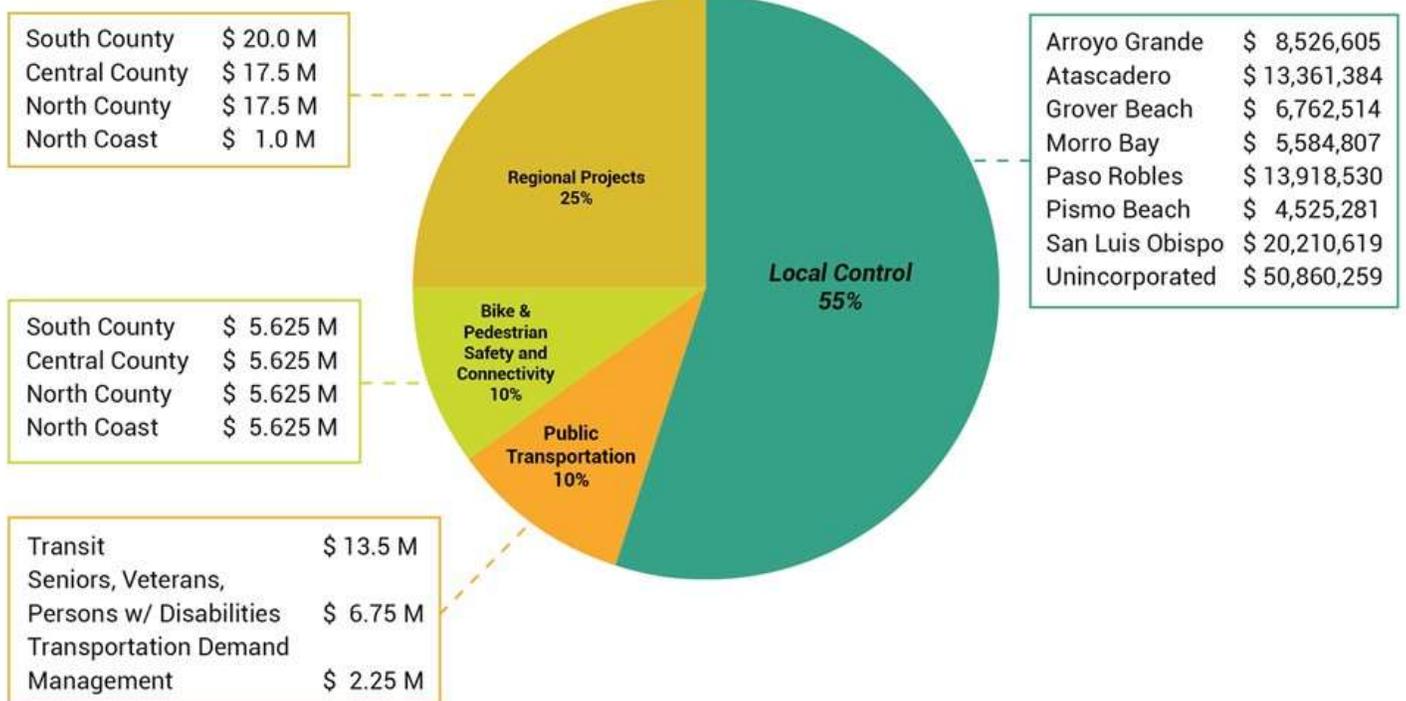
The enacting ordinance of the proposed measure also clarifies responsibilities listed under the Public Utilities Code requirements which include:

- Adoption of an administrative code for program implementation
- Define requirements for annual audits and record keeping
- Annual revenue reporting and budget requirements
- Ensure revenue is supplemental to existing transportation funding levels
- Adoption of an oversight committee for program fiscal review
- Management of the adopted Countywide Transportation Investment Plan by the designated Transportation Authority, San Luis Obispo Council of Government (SLOCOG)

The attached “San Luis Obispo County Self-Help Local Transportation Investment Plan” includes the proposed funding distributions and designations. The program categories for funding include:

9-Year Proposed Investments

1% max in administrative costs off the top



9-YEAR PLAN TOTALING \$225 MILLION		Percent of Funds	Fund Allocation (\$ millions)	
Local Control	Funds controlled by local jurisdictions with at least 4% for Safe Routes to School	55%	\$123.8	
<p><i>Local Control distributed by formula of \$150k base per jurisdiction, plus share of regional population</i></p> <p><i>Note: Dollar amounts shown in millions reflect amount from a ½ cent sales tax generating \$25M/ year for 9 years; while percent per category would not change, actual amount generated by a local sales tax per year would fluctuate based on local retail sales.</i></p>		<i>Arroyo Grande</i>	6.9%	\$8.5
		<i>Atascadero</i>	10.8%	\$13.4
		<i>Grover Beach</i>	5.5%	\$6.8
		<i>Morro Bay</i>	4.5%	\$5.6
		<i>Paso Robles</i>	11.2%	\$13.9
		<i>Pismo Beach</i>	3.7%	\$4.5
		<i>San Luis Obispo</i>	16.3%	\$20.2
		<i>SLO County</i>	41.1%	\$50.9
Regional Projects	<ul style="list-style-type: none"> • Shell Beach/Pismo Beach congestion relief on US 101 South • Safety and congestion relief in south SLO City area (Prado & Hwy 227) • North County 101 and 46E congestion relief • North Coast Highway 1 improvements 	25%	\$56.2	
Bike & Pedestrian Safety and Connectivity	Regional connectors including: <ul style="list-style-type: none"> • City-to-the-Sea/Bob Jones • Atascadero/Templeton Connector • Morro Bay/Cayucos Connector • Plus local bike/ped improvement program 	10%	\$22.5	
Public Transportation	Transit (6%); Improved mobility for Senior, Veterans, Persons w/Disabilities (3%); Transportation Demand Management (1%)	10%	\$22.5	
TOTAL		100%	\$225	

San Luis Obispo Council of Governments has been established as the local Transportation Authority and would administer the proposed measure program and sales tax revenues. The annual audits and the oversight committee would provide for ensuring the funds are spent on the transportation plan as approved by the voters. SLOCOG has forecasted that the proposed measure would provide \$25 million annually to be spent on transportation improvements lead by the individual cities, the County and Caltrans.

SLOCOG adopted a resolution at their July 13, 2016 meeting requesting the Board of Supervisors place the proposed sales tax measure on the November 2016 ballot. In addition, SLOCOG will provide the necessary funding for the election and distribution of associated voter information on the transportation plan expected to cost in the range of \$300,000.

OTHER AGENCY INVOLVEMENT/IMPACT

The Board adopted a resolution designating SLOCOG the Local Transportation Authority at the April 19, 2016 Board of Supervisor's meeting.

The *San Luis Obispo County Self-Help Local Transportation Investment Plan* was developed through a comprehensive public outreach program that asked residents to identify their priorities for future transportation programs and projects. Outreach included over 75 meetings with community organizations and leaders representing diverse viewpoints. A series of four focus groups representing the southern, northern and central portions of the county, plus the north coast were conducted along with a statistically valid telephone poll. Additionally, SLOCOG staff worked with local agencies, engaged the County Area Advisory Councils, and made presentations seeking and receiving conceptual support from all cities and the Board of Supervisors in San Luis Obispo County.

SLOCOG staff has indicated they are seeking support of all city councils for a tax proposed measure to proceed to an election later this year. Results of the City Council votes are as follows:

June 7	Pismo Beach City Council	Approved 4-0
June 14	Morro Bay City Council	Approved 5-0
June 20	Grover Beach Council	Approved 4-0
June 21	San Luis Obispo City Council	Approved 4-1
June 21	Paso Robles City Council	Approved 4-1
June 28	Atascadero City Council	Approved 3-2
June 28	Arroyo Grande City Council	Approved 4-1

The area Advisory Councils have been engaged on the development and progress of the proposed transportation sales tax measure program and projects.

The Clerk-Recorder would include the proposed measure on the November ballot at the direction of your Board. The election would include having the Transportation Investment Plan and enacting ordinance mailed to each registered voter for information on the proposed ballot measure. Arguments “For and Against” would be collected, as provided under the Elections Code, and provided in the *Voter Information Guide*. The Office of County Counsel would provide an impartial analysis for inclusion in the voter’s guide.

County Counsel reviewed the resolution for legal form and effect.

FINANCIAL CONSIDERATIONS

Election cost for the November ballot are estimated to be approximately \$300,000. This includes the cost of the election and the ballot proposed measure information package voter mailer as required by law. SLOCOG will be covering the expenses associated with the election from their funding account reserves.

If a tax proposed measure is pursued, analysis by SLOCOG has indicated a half-cent retail transaction tax would generate at least \$25 million annually. Administrative costs for implementation would be provided by the supplemental revenue source but limited to no more than one percent of revenues. These funds would be committed to Major Highway Corridor congestion relief, road rehabilitation, community bike and pedestrian enhancements and “Safe Routes to Schools.”

As part of statutes allowing for transportation tax measures, the intent of the State legislature is to have these revenues supplement existing funds for transportation. Toward that end, proposed tax measure ordinances contain a “Maintenance of Effort (MOE)” provision. This would be applicable to discretionary General Funds, in addition to Roads related revenues, and would be an amount based on average General Fund contribution by a local jurisdiction over the past three fiscal years which the

County and cities would continue to provide to their Road Fund. Exemptions would include any extraordinary funding such as “one-time” funding designations adopted as part of the annual budget as adopted by your Board. No escalation clause is expected as part of the MOE for the proposed measure.

The proposed measure does not include any authority for bonding to fund improvements. The proposed measure also includes establishment of an Oversight Committee, composed of various stakeholders, as well as annual audits to ensure funding expenditures are pursuant to the Transportation Investment Plan. Based on the term of the proposed measure being under ten years, no provisions are included for modifying the plan during its existence.

If the voters approve the measure, the sales tax increase will begin in April of 2017.

Regionally, funding for Transportation system improvements and maintenance has trended downward due to significant reductions in the State Transportation Improvement Program (STIP) and gas tax revenues to local agencies. Without alternative funding sources, transportation improvements in the area will see a stark decline beginning in 2017.

RESULTS

Execution of this resolution will approve the proposed San Luis Obispo County Transportation Investment Plan for placement on the November 2016 ballot. Adoption of the resolution provides for a well-governed community through potential voter participation.

ATTACHMENTS

1. Resolution Calling for a Special Election for the Purpose of Submitting to Voters the San Luis Obispo County Self-Help Local Transportation Investment Plan Imposing a Half-Cent Retail Transaction Tax on the Incorporated and Unincorporated Areas of the County of San Luis Obispo and Consolidating the Special Election with the November Statewide General Election

c: Ron DeCarli – SLOCOG Executive Director
Tim Gubbins – Caltrans District 5 Director

File: CF 50.30.02 SLOCOG

Reference: 16JUL19-BB-1

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