IN THE BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Tuesday, June 16, 2026

PRESENT: Supervisors John Peschong, Bruce S. Gibson, Dawn Ortiz-Legg, Heather Moreno and Chairperson Jimmy Paulding

ABSENT: None

RESOLUTION NO. 2026-150

RESOLUTION CALLING A SPECIAL ELECTION FOR THE PURPOSE OF SUBMITTING TO VOTERS THE SAN LUIS OBISPO COUNTY A RETAIL TRANSACTION AND USE TAX ORDINANCE AND CONSOLIDATING THE SPECIAL ELECTION WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 3, 2026.

The following Resolution is hereby offered and read:

WHEREAS, existing federal, state, and local transportation revenues are insufficient to adequately maintain, operate, and improve the County's and incorporated cities', and special districts' transportation system; and

WHEREAS, the San Luis Obispo County Board of Supervisors designated the San Luis Obispo Council of Governments (SLOCOG) as the Local Transportation Authority and a Transactions and Use Tax District pursuant to Public Utilities Code Section 180050 (LTA); and

WHEREAS, SLOCOG developed a Transportation Expenditure Plan pursuant to Public Utilities Code section 180206, which was approved by the Board of Supervisors on March 24, 2026, and by a majority of the city councils of the incorporated cities within the County representing a majority of the population residing within the incorporated areas of the County; and

WHEREAS, on June 3, 2026, SLOCOG as the LTA adopted Ordinance No. 2026-01, entitled the San Luis Obispo County Local Pothole Repair, Traffic Relief, Road Safety Measure (the "Ordinance") (including the Transportation Expenditure Plan) with a resolution requesting the Board of Supervisors place the Transportation Expenditure Plan on the November 3, 2026, statewide ballot; and

WHEREAS, the Board of Supervisors intends that this resolution go into effect if and when SLOCOG agrees to pay for all costs associated with conducting the election for the Transportation Expenditure Plan.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of San Luis Obispo, State of California does hereby determine and order that the this resolution take effect on the date that SLOCOG agrees to pay for all costs associated with conducting the election for the ½ cent locally-controlled transportation sales tax to support the Transportation Expenditure Plan, either by resolution, or by approving or delegating authority to SLOCOG staff to enter into a memorandum of understanding with the County memorializing the agreement.

NOW, THEREFORE, BE IT FURTHER RESOLVED that subject to the contingency above, the Board of Supervisors of the County of San Luis Obispo, State of California, does hereby determine and order as follows:

SECTION 1. Adoption of Findings. That the aforementioned statements are true, have been completed as required by the Public Utilities Code 180000 et seq., and are made as findings by this Board.

SECTION 2. Call for Registered Voter Election. Date of the Election. That a special election be called for Ordinance 2026-01 under the Public Utilities Code Section 180203(b) and that said election be consolidated with the Statewide General election set for November 3, 2026, as provided under Election Code Section 9160 (b).

SECTION 3. Purpose of the Registered Voter Election. Ballot Question. The ballot measure shall be presented to the electors as follows:

San Luis Obispo County Local Pothole Repair, Traffic Relief, Road Safety Measure

To keep streets/roads/highways in good condition throughout San Luis Obispo County; fixing potholes; reinforcing/replacing aging, deficient bridges/overpasses; improving traffic flow/safety; maintaining 911 emergency vehicle access; creating local jobs; keeping bus fares low for students/seniors/disabled/veterans; shall San Luis Obispo County's measure establishing a ½¢ locally-controlled transportation sales tax be adopted, providing approximately $35,000,000 annually for 30 years, requiring spending disclosure, citizens oversight, and audits? (75 words)

Yes ___

No___

SECTION 4. Authority for Election. That the measure shall be deemed approved only if two-thirds of the electors respond in the affirmative as required under Public Utilities Code Section 180201.

SECTION 5. Direction for Impartial Analysis. That the County Counsel shall develop an impartial analysis of the measure for inclusion in the *Voter's Information Guide*.

SECTION 6. Form of Ballot. Procurement of Necessary Materials. That the County Clerk, as the County Elections Official, implement the following:

a. Conduct all activities necessary to place said measure and associated materials on the ballot;
b. Pursuant to Elections Code Section 9162, solicit arguments, both "For and Against" the measure, for inclusion in the *Voter's Information Guide*.
c. Solicit rebuttal arguments, both "For and Against" the measure, for inclusion in the *Voter's Information Guide*.
d. That the full text of the Ordinance 2026-01, along with the transportation expenditure plan titled *San Luis Obispo County Local Pothole Repair, Traffic Relief, Road Safety Measure* (both attached as Exhibit A) be made available to the electors along with

the voter information otherwise required to be distributed, pursuant to the Elections Code.

SECTION 7. Operative date for a Successful Measure. That if the measure is passed by the electors and pursuant to Public Utilities Code Section 180204, the operative date for the retail transaction tax increment would begin April 1, 2027, and run for a period of thirty years.

SECTION 9. Noticing of Election. Notice of the time and place of holding the elections is given and the County Elections Official is further directed to publish, post and mail the Notice of Elections pursuant to the requirements of the Elections Code.

SECTION 10. Delivery of this Resolution. That the Clerk of the Board is directed to submit a certified copy of this resolution to the County Clerk within five business days.

Upon motion of Supervisor Gibson, seconded by Supervisor Ortiz-Legg, and on the following roll call vote, to wit:

AYES:	Supervisors Gibson, Ortiz-Legg and Chairperson Paulding
NOES:	Supervisors Peschong and Moreno
ABSENT:	None
ABSTAINING:	None

the foregoing Resolution is hereby adopted on the 16th day of June, 2026.

Jimmy Paulding
Chairperson of the Board of Supervisors

ATTEST:

MATTHEW PONTES
Ex-Officio Clerk of the Board of Supervisors

By: Sandy Currens
Deputy Clerk

[SEAL]

STATE OF CALIFORNIA) ss.
COUNTY OF SAN LUIS OBISPO)

I, **MATTHEW P. PONTES**, Ex-Officio Clerk of the Board of Supervisors thereof, do hereby certify the foregoing to be a full, true and correct copy of an order entered in the minutes of said Board of Supervisors, and now remaining of record in my office.

Witness, my hand and seal of said Board of Supervisors on June 18, 2026.

MATTHEW P. PONTES

Chief Executive Officer and
Ex-Officio Clerk of the Board of Supervisors

By: Sandy Currens
Deputy Clerk

EXHIBIT A

SAN LUIS OBISPO COUNCIL OF GOVERNMENTS / LOCAL TRANSPORTATION AUTHORITY

RESOLUTION NO. 2026-01

RESOLUTION REQUESTING A CALL FOR A SPECIAL ELECTION BY THE BOARD OF SUPERVISORS ON A RETAIL TRANSACTION AND USE TAX ORDINANCE, CONSOLIDATION OF THE ELECTION WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 3, 2026,

WHEREAS, the streets, roads, highways, transit systems, bicycle and pedestrian facilities within the incorporated and unincorporated areas of San Luis Obispo County (the "County") are of regional concern and are essential to the safety, mobility, economic vitality, environmental sustainability, and quality of life of residents, businesses, visitors, seniors, veterans, and persons with mobility challenges; and

WHEREAS, existing federal, state, and local transportation revenues are insufficient to adequately maintain, operate, and improve the County's and incorporated cities', and special districts' transportation system; and

WHEREAS, the Legislature of the State of California has authorized counties, subject to certain approval of the incorporated cities, to establish voter-approved local transportation sales taxes pursuant to Public Utilities Code Division 19 (commencing with Section 180000) and Revenue and Taxation Code Part 1.6 (commencing with Section 7251); and

WHEREAS, the San Luis Obispo Council of Governments (SLOCOG) has been designated as the Local Transportation Authority for the County; and

WHEREAS, keeping roads and highways in good condition and enhancing mobility helps protect public safety by allowing police, firefighters, and ambulances to respond quickly to emergencies and ensuring first responders are not stuck in traffic or slowed down by failing infrastructure; and

WHEREAS, the County's transportation system is the backbone of our regional economy, allowing local farmers and businesses to move produce and products to market, creating jobs for local residents; and

WHEREAS, essential purchases like groceries are exempt from the ½ cent sales tax, helping to ensure the cost is not a burden to those on fixed or limited incomes; and

WHEREAS, the ½ cent sales tax is paid by both residents and visitors shopping in the County, to ensure all users of local roads and transportation infrastructure contribute; and

WHEREAS, by law, all of the money must stay in the County for local transportation improvements only and cannot be taken away by the State or used for other purposes; and

WHEREAS, pursuant to Public Utilities Code Section 180206, and through extensive public engagement and coordination with all incorporated cities and the County of San Luis Obispo, SLOCOG has prepared a countywide Transportation Expenditure Plan which guides the investment of revenues generated by the sales tax ordinance, provides for locally controlled funding for transportation repairs and improvements, and requires strict fiscal accountability protections, including a Citizen's Oversight Committee, annual independent audits, and public disclosure of all spending; and

WHEREAS, Ordinance No. 2026-01, entitled the San Luis Obispo County Local Pothole Repair, Traffic Relief, Road Safety Measure (the "Ordinance") (including the Expenditure Plan) was introduced by the governing body of the SLOCOG/the Authority on February 4, 2026; and

WHEREAS, the Expenditure Plan was approved by the Board of Supervisors on March 24, 2026, and approved by a majority of the city councils of the incorporated cities within the County representing a majority of the population residing within the incorporated areas of the County pursuant to Public Utilities Code Division 19 (commencing with Section 180206); and

WHEREAS, it is the intent of the voters and the Authority/SLOCOG that revenues generated by this Ordinance supplement, and not supplant, existing transportation funding; and

NOW, THEREFORE, BE IT RESOLVED that the governing board of the San Luis Obispo Council of Governments, acting as the Local Transportation Authority, does hereby adopt the San Luis Obispo County Transportation Expenditure Plan:

BE IT FURTHER RESOLVED, that the San Luis Obispo Council of Governments, acting as the Local Transportation Authority, does hereby adopt Ordinance No. 2026-01 - San Luis Obispo County Local Pothole Repair, Traffic Relief, Road Safety Measure as introduced by the San Luis Obispo Council of Governments on February 4, 2026, and attached hereto and incorporated herein. The ordinance will not take effect unless and until it is approved by a 2/3rds majority of the eligible voters of the County in accordance with Public Utilities Code Section 180200 *et seq*.

BE IT FURTHER RESOLVED, that SLOCOG/Authority does hereby request that the San Luis Obispo County Board of Supervisors call a special election consolidated with the upcoming Statewide General Election, to place on the ballot Ordinance No. 2026-01, which election shall be held on November 3, 2026 and consolidated with other elections to be held on the same date. The ballot language shall read as follows:

> **San Luis Obispo County Local Pothole Repair, Traffic Relief, Road Safety Measure**
>
> To keep streets/roads/highways in good condition throughout San Luis Obispo County; fixing potholes; reinforcing/replacing aging, deficient bridges/overpasses; improving traffic flow/safety; maintaining 911 emergency vehicle access; creating local jobs; keeping bus fares low for students/seniors/disabled/veterans; shall San Luis Obispo County's measure establishing a ½¢ locally-controlled transportation sales tax be adopted, providing approximately $35,000,000 annually for 30 years, requiring spending disclosure, citizens oversight, and audits? (75 words)
>
> Yes ___
>
> No____

BE IT FURTHER RESOLVED, that SLOCOG / Authority requests the County's election official, pursuant to California Public Utilities Code Section 180203(c), to print in the sample ballot, immediately below the full proposition, and in the voter information guide, in no less than 10-point bold type, text substantially as follows: "The adopted San Luis Obispo County Transportation Expenditure Plan may be viewed electronically at www.localROADSfirst.com ."

BE IT FURTHER RESOLVED, that the Secretary and the Authority's counsel are authorized to make any typographical, clerical, non-substantive corrections to this resolution as may be deemed necessary by the San Luis Obispo County Registrar of Voters or election official.

On motion by Board Member___________, seconded by Board Member___________, and on the following roll call vote, to wit;

AYES:

NOES:

ABSTAIN:

ABSENT:

The foregoing resolution is hereby adopted on this third day of June, 2026.

____

Carla Wixom, President
San Luis Obispo Council of Governments

ATTEST:

____

Peter Rodgers, Executive Director
San Luis Obispo Council of Governments

APPROVED AS TO FORM AND LEGAL EFFECT:

BY: ____________________________________

Jenna Morton
SLOCOG Counsel

DATE:__________________

The San Luis Obispo Council of Governments

Ordinance No. 2026-01

San Luis Obispo County Local Pothole Repair, Traffic Relief, Road Safety Measure

Guiding Principles and Preamble

The Governing Board of the San Luis Obispo Council of Governments ("SLOCOG"), acting as the Local Transportation Authority, hereby finds and declares as follows:

1. A safe, efficient, and well-maintained transportation system is essential to the public health, safety, welfare, and economic vitality of San Luis Obispo County and its cities and communities.
2. Existing state and federal transportation revenues are insufficient, unreliable, and increasingly restricted, and are no longer adequate to maintain existing transportation infrastructure or to meet current and future transportation needs. Declining fuel tax revenues, changes in travel behavior, rising construction and maintenance costs, and limitations on the use of state and federal funds have contributed to the deterioration of local streets, roads, highways, transit systems, and active transportation facilities.
3. Inadequate transportation funding adversely affects public safety, mobility, and economic competitiveness, and disproportionately impacts seniors, children, veterans, persons with disabilities, and other transportation-dependent populations.
4. SLOCOG is the designated regional transportation planning agency for San Luis Obispo County and is governed by a Board consisting of one elected official from each of the seven incorporated cities within the County and all five members of the County Board of Supervisors.
5. While SLOCOG actively pursues state and federal transportation funding, such funds are increasingly awarded on a competitive basis and favor regions that have established voter-approved, locally dedicated transportation-specific revenues. Without a similar local funding source, San Luis Obispo County is disadvantaged in competing for these funds.
6. To address these deficiencies and to provide a reliable local funding source for transportation improvements, it is necessary and appropriate to submit to the voters a proposal to enact a one-half of one percent (0.5%) retail transactions and use tax, the proceeds of which shall be used solely for transportation purposes within San Luis Obispo County.

7. SLOCOG has adopted a Transportation Safety & Investment Plan (the "Transportation Expenditure Plan") that identifies transportation improvements and programs of countywide and local significance to be funded by the proposed tax, including:

    - Maintenance and repair of streets, roads, and highways, including pothole repair and safety improvements;
    - Traffic congestion relief, safety and operational improvements;
    - Public transportation services and facilities, including service enhancements;
    - Mobility improvements for seniors, veterans, and persons with disabilities;
    - Safe Routes to School projects in each city and community;
    - Bicycle and pedestrian safety and connectivity improvements; and
    - Use of funds to leverage and secure additional state and federal transportation funding.

8. The Transportation Expenditure Plan establishes a clear nexus between the proposed tax and the transportation improvements and programs to be funded and reflects the highest priority transportation needs of the County's cities and communities.

9. It is the intent of the Governing Board and the voters that all revenues derived from the retail transactions and use tax be expended solely in accordance with the Transportation Expenditure Plan and applicable law.

10. To ensure accountability, transparency, and compliance with voter intent, this Ordinance establishes the following safeguards:

    - A voter-approved Transportation Expenditure Plan governing all expenditures;
    - Spending assurances, safeguards, and local control of revenues;
    - Maintenance of effort requirements;
    - Limitation of administrative costs to no more than one percent (1%) of annual revenues;
    - Annual independent financial and performance audits;
    - Annual public reporting on revenues, expenditures, and project delivery; and
    - An independent taxpayer oversight committee to review audits and report findings to the public.

Now, therefore, the Governing Board of the San Luis Obispo Council of Governments, acting as the Local Transportation Authority, does hereby ordain as follows:

SECTION 1. TITLE

This Ordinance shall be known and may be cited as the San Luis Obispo County Local Pothole Repair, Traffic Relief, Road Safety Ordinance ("Ordinance").

SECTION 2. DEFINITIONS

For purposes of this Ordinance:

- **"Authority"** means the San Luis Obispo Council of Governments (SLOCOG), acting as the Local Transportation Authority as designated byt the San Luis Obispo County Board of Supervisors, pursuant to the Local Transportation Authority and Improvement Act set forth at California Public Utilities Code Section 180000 et seq.
- **"County"** means the County of San Luis Obispo.
- **"District"** means all incorporated and unincorporated territory within San Luis Obispo County.
- **"Expenditure Plan"** means the San Luis Obispo County Transportation Expenditure Plan attached hereto as **Attachment A** and incorporated by reference.
- **"Gross Revenues"** means all proceeds of the tax imposed by this Ordinance, including interest earnings.
- **"Net Revenues"** means Gross Revenues remaining after payment of CDTFA administration costs and authorized administrative expenses.
- **"Measure"** means the ballot proposition submitted to the voters pursuant to this Ordinance.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of the ordinance. If the Ordinance is approved by the requisite vote of the electors voting on this Ordinance at the election held on November 3, 2026, the Operative Date shall be April 1, 2027.

SECTION 3. PURPOSE

This Ordinance is adopted to:

1. Establish a dedicated local funding source for transportation purposes within San Luis Obispo County.
2. Implement the voter-approved Transportation Expenditure Plan.

3. Impose a retail transaction and use tax pursuant to State law, subject to two-thirds voter approval.
4. Ensure transparency, accountability, geographic equity, and strong taxpayer protections.

SECTION 4. IMPOSITION OF TRANSACTIONS AND USE TAX

(CDTFA-COMPLIANT)

A. Transactions Tax Rate

For the privilege of selling tangible personal property at retail, a transactions tax is hereby imposed upon all retailers in the District at the rate of **one-half of one percent (0.5%)** of the gross receipts from the sale of all tangible personal property sold at retail in the District on and after the Operative Date.

B. Place of Sale

For purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or its agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the state or has more than one place of business, the place or places at which the retail sales are consummated for the purpose of a transaction tax imposed by this Ordinance shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration (CDTFA).

C. Use Tax Rate

An excise tax is hereby imposed on the storage, use, or other consumption in the District of tangible personal property purchased from any retailer at the rate of **0.5%** of the sales price, effective on and after the Operative Date. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

D. Contract with the State (CDTFA)

Prior to the Operative Date, the Authority shall contract with the CDTFA to perform all functions incident to the administration and operation of the transactions and use tax imposed by this Ordinance; provided, that if the Authority shall not have contracted with the Department prior to the Operative Date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

SECTION 5. ADOPTION OF PROVISIONS OF STATE LAW

Except as otherwise provided in this Ordinance and except insofar as they are inconsistent with Public Utilities Code Division 19 and Revenue and Taxation Code Part 1.6, all provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and incorporated by reference as though fully set forth herein.

SECTION 6. LIMITATIONS ON ADOPTION OF STATE LAW

In adopting the provisions of State law:

1. Wherever the State of California is named as the taxing agency, the Authority shall be substituted, except where administration is reserved to the CDTFA.
2. No provision shall be interpreted to create exemptions or impose taxes beyond those authorized under State law.

SECTION 7. PERMIT NOT REQUIRED

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

SECTION 8. EXEMPTIONS, EXCLUSIONS, AND CREDITS

All exemptions, exclusions, and credits applicable to the State sales and use tax shall apply to the tax imposed by this Ordinance to the same extent and in the same manner.

SECTION 9. TERM AND OPERATIVE DATE

A. The tax authorized by this Ordinance shall become operative on **April 1, 2027**, or as otherwise provided herein.
B. The tax shall remain in effect for **thirty (30) years**, expiring on **March 31, 2057**, unless otherwise terminated by voter approval.

SECTION 10. USE AND ALLOCATION OF REVENUES

All Net Revenues shall be deposited into a **Local Transportation Authority Special Revenue Fund** and used solely for transportation purposes authorized by this Ordinance and the Expenditure Plan.

Allocation of Net Revenues

- **55% – Local Streets and Roads**
- **40% – Regional Transportation Projects**
- **4% – Seniors, Veterans, and Mobility-Challenged Transportation Services**
- **1% – Administration**

SECTION 11. ELIGIBLE USES

Eligible uses include, but are not limited to, those identified in the Expenditure Plan, including planning, design, construction, operations, maintenance, transit, bicycle and pedestrian facilities, and specialized mobility services.

SECTION 12. MAINTENANCE OF EFFORT (MOE)

Each jurisdiction receiving Local Streets and Roads funds shall maintain, at a minimum, the average level of discretionary general fund expenditures for transportation purposes over Fiscal Years **2021-22, 2022-23, 2023-24, 2024-25, and 2025-26**, consistent with the Expenditure Plan.

SECTION 13. JURISDICTIONAL ELIGIBILITY REQUIREMENTS

Jurisdictions must maintain required planning, fee, reporting, and capital improvement programs as set forth in the Expenditure Plan to remain eligible for funding.

SECTION 14. TAXPAYER SAFEGUARDS

Safeguards include local-use restrictions, anti-supplantation provisions, annual audits, annual public reporting, and performance assessments.

SECTION 15. CITIZENS' OVERSIGHT COMMITTEE

A Citizens' Oversight Committee shall be established within six (6) months of voter approval in accordance with Attachment A.

SECTION 16. BONDING AUTHORITY

The Authority may issue bonds payable from Measure revenues subject to limitations and coverage requirements set forth in the Expenditure Plan.

SECTION 17. CREATION OF SPECIAL FUND

All Measure revenues and interest shall be deposited in a segregated special fund administered by the Authority.

SECTION 18. APPROPRIATIONS LIMIT

Pursuant to Article XIII B of the California Constitution and PUC § 180202, the initial appropriations limit shall be the amount of revenues generated by the tax authorized by this ordinance. The annual appropriations limit shall then be increased each year by the aggregate amount of revenues generated by the tax authorized by this ordinance.

SECTION 19. CEQA COMPLIANCE

Adoption of this Ordinance and the Expenditure Plan is not a project subject to CEQA pursuant to **CEQA Guidelines §§15276 and 15378(b)(4).**

SECTION 20. EFFECTIVE DATE

This Ordinance shall take effect immediately upon voter approval, subject to the Operative Date specified herein.

SECTION 21. SEVERABILITY

If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

San Luis Obispo County Transportation Expenditure Plan

I. Introduction

San Luis Obispo County's transportation system is essential to the safety, mobility, and economic vitality of its residents, businesses, and visitors. Yet existing state and federal revenues are inadequate to maintain local streets and roads, operate reliable transit, and deliver major regional improvements.

This Transportation Expenditure Plan establishes a dedicated local funding source — a voter-approved ½-cent transactions and use tax — projected to generate **approximately $35 million per year**. All revenues will remain in San Luis Obispo County and may only be used for transportation purposes.

The Plan emphasizes geographic equitable distribution of funds, fairness, transparency, and strong taxpayer safeguards while ensuring flexibility to leverage state and federal funds.

II. Revenue Distribution

Revenues shall be allocated as follows:

A. **55% Local Road Repairs and Improvements** distributed by population to each city and the County. (Reviewed every ten years based on census data[1]).

B. **40% Regional Corridor Improvements** distributed by subregion population within the areas defined as shown.

C. **4% Mobility Services** for Seniors, Veterans and Mobility Challenged

D. **1% Administration**

[1] Should a new city become incorporated, the percentages would be adjusted to reflect the updated population distribution.

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. Funds may be used for:

A. Local road maintenance, rehabilitation, and repair.
B. Safe Routes to School and Safe Routes to College programs.
C. Local intersections, operational and traffic safety improvements.
D. Bridge safety and seismic retrofits.
E. Bicycle and pedestrian improvements (sidewalks, crosswalks, multi-use paths).
F. Community enhancements tied to transportation (streetscape, lighting, landscaping, wayfinding).
G. Traffic signal improvements and synchronization.
H. Piers, walkways and other pedestrian or bike paths in and around waterfront and river areas.
I. Transit services including local trolley services may be funded if desired by a City.

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 and used for:

A. Highway and major corridor congestion relief such as van or carpool lanes or other congestion relief measures.
B. Safety and interchange improvements.
C. Regional bicycle and pedestrian connectors between communities like the Bob Jones Trail.
D. Interagency Transit Access.
E. Mitigation impacts for proposed improvements.
F. Other projects consistent with the adopted Regional Transportation Plan (RTP).

Mobility Services for Seniors, Veterans and Mobility Challenged (4%)

Funds shall support improvements to mobility programs that prioritize services for seniors, veterans, and mobility challenged.

Administration (1%)

No more than 1% of annual revenues shall be allocated by the Authority for administration, reporting, auditing, and program oversight.

IV. Governing Board and Organizational Structure

The San Luis Obispo Council of Governments (SLOCOG) serves as the designated Local Transportation Authority for San Luis Obispo County and is responsible for administering the Transportation Measure in compliance with Public Utilities Code (PUC) 180000 et seq. Upon voter approval of the Transportation Measure, the Board of Directors of SLOCOG will serve as the Authority Board, hereafter the Authority, and will oversee its implementation in accordance with the plans and programs detailed in this and future updates of the Expenditure Plan.

This Expenditure Plan provides for the creation of a Citizens' Oversight Committee to ensure transparency and accountability. Details regarding the Committee are contained in this plan (Section XIV). The Biennial Implementation Plan will be prepared and updated by SLOCOG staff and approved by the Authority Board as per the Ordinance Section 14.

Per PUC 180000, the Authority's governing board will include representation as follows:

- Five (5) members of the San Luis Obispo County Board of Supervisors
- One (1) member representing each incorporated city within San Luis Obispo County—Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo—appointed by their respective city councils.

Alternates to the regular members may participate in accordance with SLOCOG bylaws. Should another city become incorporated, it will have one seat on the Authority Board.

V. Maintenance of Effort (MOE)

The enabling legislation in Public Utilities Code PUC 180001(e) states:

> It is the intent of the Legislature that funds generated pursuant to this division be used to supplement and not replace existing local revenues used for transportation purposes.

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, for transportation purposes. Dedicated funds for transportation such as gas tax revenues are not counted as general fund revenues. Transfers into the general fund will not be counted as general fund revenues. Grant awards and general fund revenues used as matching funds for grant awards will not be counted as general fund revenues. 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.

Unusual one-time general fund allocations that have been expended for transportation purposes may be exempted prior to determining the Agency's average expenditure for the five fiscal years noted above at the discretion of the Authority.

An agency petitioning for an exception under this provision must supply evidence of the need for special consideration, and the petition must be approved by a majority vote of the Authority Board.

The Authority shall not allocate any Net Revenues to any jurisdiction for any fiscal year until that jurisdiction has certified to the Authority that it has included in its budget for that fiscal year an amount of local discretionary funds for streets and roads purposes at least equal to the level of its maintenance of effort requirement. An annual independent audit will be conducted by the Authority to verify that the maintenance of effort requirements are being met by the jurisdiction. Any Net Revenues not allocated pursuant to the maintenance of effort requirement shall jurisdictions be allocated to the remaining eligible jurisdictions according to the formula described in the Section III.

Exceptions

Subject to Authority approval, if any local jurisdiction had extraordinary local discretionary fund expenditures during any fiscal year it may determine that year's minimum expenditure base level of local discretionary funds by:

(a) subtracting those extraordinary expenses funding, assessment district contributions, development impact funds, redevelopment agency contributions, or other non-recurring contributions) from its total expenditures; or

(b) petitioning the Authority for special consideration. It is possible that a local jurisdiction may need to revise its minimum expenditure base beyond the subtraction of extraordinary expenses. In this instance, the Authority may allow the establishment of a new base for that jurisdiction's Maintenance of Effort requirement.

A local jurisdiction petitioning the Authority under this provision must supply evidence of the need for special consideration and the petition must be approved by a majority vote of the Authority.

VI. Requirements for Eligible Jurisdictions

To be eligible to receive Net Revenues, a jurisdiction shall satisfy and continue to satisfy the following requirements.

A. **Mitigation Fee Program**. Assess traffic impacts of new development and require new development to pay a fair share of necessary transportation improvements attributable to the new development.

B. **Circulation Element**. Adopt and comply with its Circulation Element as part of the jurisdiction's General Plan,

C. **Capital Improvement Program**. Adopt and update a minimum Five-Year Capital Improvement Program (CIP). The CIP shall include all capital transportation projects, including projects funded by Net Revenues, and shall include transportation projects required to demonstrate compliance with pavement management requirements.

D. **Pavement Management Plan**. Adopt and update a Pavement Management Plan and provide regular reporting on the status of road pavement conditions and implementation of the Pavement Management Plan.

E. **Expenditure Report**. Adopt an Expenditure Report to account for Net Revenues, developer/traffic impact fees, and funds expended by the Eligible Jurisdiction which satisfy the Maintenance of Effort requirements. The Expenditure Report shall be submitted by the end of six (6) months following the end of the jurisdiction's fiscal year and include the following:

> 1. All Net Revenue fund balances and interest earned.
>
> 2. Expenditures identified by type (i.e., capital, operations, administration, etc.), and program or project.

F. **Project Final Report**. Provide Authority with a Project Final Report for regional projects within six months following completion of a project funded with Net Revenues.

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 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.

H. **No Supplanting of Funds**. Agree that Net Revenues shall not be used to supplant developer funding which has been or will likely be committed for any transportation project.

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 per programming year presentations from jurisdictional staff to review proposed investments prior to annual allocations.

Determination of Non-Eligibility

A determination of non-eligibility of a jurisdiction shall be made only after a hearing has been conducted and a determination has been made by the Authority that the jurisdiction is not an Eligible Jurisdiction as provided hereinabove.

VII. Taxpayer Safeguards

A. **A transportation special revenue fund** (the "Local Transportation Authority Special Revenue Fund") shall be established to maintain all Revenues.

B. **Accounting** Receipt, maintenance and expenditure of Net Revenues shall be distinguishable in each jurisdiction's accounting records from other funding sources, and expenditures of Net Revenues shall be distinguishable by program or project. Interest earned on Net Revenues allocated pursuant to the Ordinance shall be expended only for those purposes for which the Net Revenues were allocated.

C. No **Net Revenues** shall be used by a jurisdiction for other than transportation purposes authorized by the Ordinance. Any jurisdiction which violates this provision must fully reimburse the Authority for the Net Revenues misspent and shall be deemed ineligible to receive Net Revenues for a period of five (5) years.

D. A **Citizens Oversight Committee** ("Committee") shall be established to provide an enhanced level of accountability for expenditure of Revenues under the Ordinance. The Committee will help to ensure that all voter mandates are carried out as required. The roles and responsibilities of the Committee, the selection process for Committee members and related administrative procedures shall be carried out as described in the Section XIII below and Ordinance Section 15.

E. A **performance assessment** shall be conducted at least once every 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.

F. **Annual status reports** regarding the regional corridor projects and improvements shall be brought before the Authority by local agencies and Authority staff at least annually in public meetings.

G. **Annual Report** Annually the Authority shall publish a report on how all Revenues have been spent and on progress in implementing projects in the Plan and shall publicly report on the findings and posted on the agency website.

VIII. Ten-Year Comprehensive Program Review

At least every ten years the Authority shall conduct a comprehensive review of all projects and programs implemented under the Plan to evaluate the performance of the overall program and may revise the Plan to improve its performance. The review shall include consideration of changes to local, state and federal transportation plans and policies; changes in land use, travel and growth projections; changes in project cost estimates and revenue projections; right-of-way constraints and other project constraints; level of public support for the Plan; and the progress of the Authority and jurisdictions in implementing the Plan. The Authority may amend the Plan based on its comprehensive review, subject to the requirements of Section IX: Reporting, Implementation and Amendments.

IX. Reporting, Implementation and Amendments

Administration

In compliance with state and federal requirements, SLOCOG regularly prepares a Regional Transportation Plan (RTP) that identifies priority projects across all transportation modes, including highways, local roads, public transit, bikeways, and aviation.

All updates to the Expenditure Plan will undergo public review and hearings. Candidate projects and priorities may evolve, but the county's extensive transportation needs will ensure robust use of all available funding, including sales tax revenues. During each update, the Authority will review investments across multiple transportation modes to ensure efficiency and equity in addressing mobility needs throughout San Luis Obispo County.

Annual Report

Each year, the Citizens' Oversight Committee (Section XIV) reviews expenditures and communicates results to the public through an Annual Report.

Amendment Process

As specified in PUC Section 180207:

> (a) Once per calendar year, the Authority may review and propose amendments to the county's transportation expenditure plan to incorporate additional revenues, account for unanticipated funds, or respond to unforeseen circumstances. Amendments adopted late in the year will not preclude additional amendments in the following year.
>
> (b) The Authority must notify the County Board of Supervisors and each city council, providing copies of proposed amendments for their review.
>
> (c) Amendments become effective 45 days after notification.

Voter approval (2/3 majority) is required for changes to funding categories or overall allocation formulas as per Ordinance Section 10.

Biennial Implementation Plan

At least once every two years, the Authority will prepare and adopt a Measure TBD Implementation Plan. This plan will include a financial component consistent with both the SLOCOG Regional Transportation Improvement Program (RTIP) and the STIP.

Process steps include:

A. SLOCOG staff, working with member agencies and stakeholders, will draft and update the Implementation Plan biennially.

B. The Authority Board will review the Draft Implementation Plan, hold public hearings, and incorporate feedback.

C. Following review, the Authority formally adopts the Implementation Plan.

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.

X. Bonding Authority

To reduce overall costs by advancing construction timelines, the Authority shall have the option to sell or issue, at any time, and from time to time, including on or before the collection of the taxes authorized by the Ordinance Section 16, bonds, notes or other evidences of indebtedness, including capital appreciation bonds, payable from and secured by the proceeds from the sales taxes authorized by this Ordinance and from the proceeds of the existing Measure TBD sales taxes, in order to finance and refinance the transportation projects identified in the Transportation Expenditure Plan. Bonding indebtedness shall be limited to 35% of net sales measured at the end of the 30-year program. An additional bonds test (ABT) no lower than 1.5x Maximum Annual Debt Service will be measured against projected revenues for any consecutive 12-month period in the prior 18 months.

Should the tax be ended by voter action, the obligation to repay the bond debt remains with the agency, in this case the Authority and its member agencies.

XI. Independent Financial Audits

If the Transportation Measure is approved by the voters, the Authority will conduct independent financial audits of all revenues and expenditures associated with the measure in accordance with Public Utilities Code 180000 et seq. These audits will ensure full transparency and accountability in the use of voter-approved sales tax revenues.

The results of the audits will be presented annually to the Authority Board and made available to the public, reinforcing confidence in the administration of the Transportation Measure. Findings will also be shared with the Citizens' Oversight Committee to support their independent review of expenditures and compliance with the Expenditure Plan.

XII. Administration Program – 1% of Measure Revenues

To effectively manage and implement the Transportation Measure, the Authority will cap administration costs at no more than 1% of annual sales tax revenues to administrative activities. This allocation supports the necessary planning, oversight, and program development functions required for successful execution of the measure.

Key administrative responsibilities of the Authority include:

A. **Annual Work Program and Budget**
   Prepare and adopt an annual work program and budget outlining planned expenditures, oversight activities, and administrative costs.

B. **Allocation Program Requirements and Focused Studies**
Develop requirements for each funding program established by the Regional Programs allowed in the Expenditure Plan and undertake specialized studies needed to implement those programs effectively.

C. **Biennial Implementation Plan**
Prepare and update the Transportation Measure Implementation Plan every two years, aligning it with the Regional Transportation Improvement Program (RTIP) and State Transportation Improvement Program (STIP).

D. **Regional Project Prioritization**
Establish and update priority lists for regional projects and rehabilitation projects, in coordination with member jurisdictions and consistent with Expenditure Plan goals.

E. **Independent Annual Audit**
Conduct an independent audit of all Transportation Measure funds to ensure compliance, fiscal integrity, and accountability to the public.

F. **Public Outreach and Communication**
Carry out ongoing outreach and public education efforts to keep residents informed about project progress, financial performance, and planned updates.

G. **Bond Issuance for Accelerated Delivery**
Issue bonds when appropriate to expedite project delivery, reducing overall project costs by leveraging future revenues for near-term improvements.

H. **Revenue Allocation to Local Jurisdictions**
Distribute Transportation Measure proceeds to incorporated cities and the county in accordance with the formulas and criteria established in the Expenditure Plan.

I. **Support for Oversight Committees and Related Technical Assistance**
Provide staff support to advisory committees and furnish technical assistance to member jurisdictions to ensure consistent, equitable, and effective program implementation.

XIII. Citizens' Oversight Committee

Committee Purpose

A. To provide fiscal oversight on the implementation of the Transportation Expenditure Plan ensuring that funds are spent in accordance with the approved Plan.

B. To inform the public and confirm that revenues and expenditures from the Transportation Measure are spent as promised to San Luis Obispo County voters.

Committee Formation

A. The Committee will be formed within six (6) months following voter approval of the Transportation Measure in San Luis Obispo County.

B. The Committee shall be a permanent component of the Expenditure Plan and cannot be eliminated by amendment.

C. Meetings will begin when Transportation Measure revenues are recommended for expenditure, including Implementation Plan updates.

Selection and Duties of Committee Chair and Vice Chair

A. The Committee will select a Chair and Vice Chair from among its members, each serving a one-year term.

B. Chair Duties: Call meetings, set agendas, and preside over meetings.

C. Vice Chair Duties: Perform the Chair's duties in the Chair's absence.

Committee Meetings

A. The Committee will hold at least two formal meetings annually, with additional meetings scheduled as needed.

B. All meetings will comply with the Brown Act (open meeting requirements).

C. Meetings will be conducted in accordance with Robert's Rules of Order.

Subcommittee Requirements

A. The Committee may form subcommittees to address specific tasks or focus areas.

B. All subcommittees will consist of an odd number of members to ensure clear decision-making.

The Committee will reflect the geographic and demographic diversity of San Luis Obispo County and consist of 12 members. Each represented organization will nominate its representative, with final appointments approved by the Authority Board.

Membership Composition:

A. 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.

B. The Authority Board will review and appoint these members. If any jurisdiction is unable to appoint a representative, THE AUTHORITY may fill the position through an open application process. Should a new City become incorporated, a representative from that jurisdiction shall be appointed by the City.

Quorum

A. A quorum will consist of no fewer than seven (7) members.

B. Actions may be approved by a simple majority of members present, provided the quorum is met.

Term of Membership

A. Members serve two-year terms, with a maximum of eight consecutive years of service.

B. To establish staggered terms, the initial appointments will be divided so that half serve one-year terms and half serve two-year terms, determined by random selection.

C. Proxy voting is not permitted.

Eligibility

A. Must be a U.S. citizen, 18 years or older, and a resident of San Luis Obispo County.

B. Cannot be an elected official of San Luis Obispo County or its cities.

C. Cannot be an employee of state, county, or city government agencies within San Luis Obispo County (except employees of educational institutions).

Staffing

A. SLOCOG staff will provide technical and administrative support, including preparation of agendas, meeting materials, and public communications.

B. Administrative costs for staffing will be funded through the Transportation Measure's administrative allocation.

C. Expert staff and consultants may be invited to present information or analyses as needed.

Responsibilities

A. Reviewing and commenting on independent financial and performance audits of Measure funds.

B. Reviewing periodic reports, studies, and plans related to Measure revenues and expenditures.

C. Ensuring that expenditures are consistent with the Expenditure Plan.

D. Conducting an annual review of sales tax revenue use and publicly reporting findings.

E. Presenting recommendations and findings in a formal annual report to the public and Authority Board.

F. Accessing information from the Authority's independent auditor and requesting additional information as necessary to fulfill oversight responsibilities.

G. Remaining informed of advancements in transportation planning and finance to ensure oversight remains relevant and effective through the duration of the Measure.

XIV. Measure Duration

This Transportation Expenditure Plan shall remain in effect for 30 years as approved by San Luis Obispo County voters.