

ORDINANCE NO. 26-001

AN ORDINANCE OF THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION AND THE PEOPLE OF THE COUNTY OF RIVERSIDE, CALIFORNIA, RENEWING THE EXISTING TRANSPORTATION MEASURE BY EXTENDING THE TERM OF A TRANSACTIONS AND USE TAX (SALES TAX) AT THE RATE OF ONE-HALF PERCENT (1/2%), TO FUND TRANSPORTATION IMPROVEMENTS; ADOPTING AN EXPENDITURE PLAN DIRECTING THE SPENDING OF REVENUES GENERATED FROM SAID TAX MEASURE; AND FINDING THAT THE ORDINANCE IS NOT SUBJECT TO AND IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Preamble

A safe, efficient, and reliable transportation system that supports all forms of transportation is essential to the economic vitality, mobility, and quality of life of Riverside County residents. Investments in faster-flowing highways, passenger rail and bus service, rehabilitation of local streets and sidewalks, protection of infrastructure from natural disasters, and congestion relief are critical to ensuring access to jobs, education, services, and recreation throughout Riverside County.

Since its approval by voters in 1988, Measure A has served as Riverside County's primary locally controlled transportation funding source, enabling billions of dollars in transportation improvements, including highway and freeway projects, local streets and roads projects, and public transportation services. This sustained local investment has helped keep residents moving and supported the county's growing economy.

Riverside County is expected to grow to approximately 3 million residents over the next 25 years. Continued population and economic growth will place increasing demands on the transportation system, contributing to congestion, longer travel times, and greater strain on existing infrastructure. At the same time, available state and federal funding is not sufficient to fully meet the transportation needs of Riverside County residents. Without continued local investment, critical projects may be delayed, reduced, or eliminated, and Riverside County risks losing a stable and dependable funding source.

The current Measure A will expire in 2039, which would result in the loss of the County's primary source of locally controlled transportation funding. Renewing the Measure, without increasing the existing half-cent sales tax rate, will provide continuity and certainty in funding, preserve local control over transportation investments, and enable residents, visitors, and businesses throughout Riverside County to benefit from needed transportation improvements and maintenance of existing infrastructure and services.

Adopting and extending this local sales tax measure will ensure Riverside County's transportation future remains in the hands of its residents and locally accountable officials. Funds generated by the measure shall be used solely for transportation infrastructure and services that benefit

Riverside County residents and the Riverside County transportation system. Funds shall be allocated among the following three (3) funding categories: (1) Highways and Regional Corridors; (2) Local Streets and Roads; and (3) Public Transportation within Riverside County; and will be leveraged to maximize state and federal investments which frequently require the commitment of local matching funds.

Recitals

1. The Riverside County Transportation Commission (“Commission”) is authorized to levy a retail transactions and use tax/sales tax in the incorporated and unincorporated territory of Riverside County for transportation improvements and projects pursuant to California Public Utilities Code §§240300 *et. seq.* and Revenue and Taxation Code §§7251 *et. seq.* (the “RCTC Sales Tax Statutes”) subject to adoption of an ordinance/measure by two-thirds (2/3) of the Commission and subsequent approval of the ordinance/measure by approval of two-thirds (2/3) of the Riverside County electors voting on the measure at a regular election or a special election called for that purpose; and

2. By adopting this Ordinance, the Commission has evaluated alternative funding sources for the transportation improvements and projects and determined that existing local, state, and federal funding sources are inadequate and cannot be counted on to deliver transportation improvements that keep up with Riverside County’s population and economic growth. In 2016, the Commission conducted the Strategic Assessment to identify funding needs and gaps for Riverside County’s transportation infrastructure. Of the \$23 billion in capital funding need identified at the time, the Strategic Assessment determined that only \$6.1 billion in existing sources — 26 percent of the capital funding need — is expected to be available by 2040. In 2026, the Commission estimates transportation investment needs for Riverside County exceeds \$30 billion. The funding gap is anticipated to widen given the uncertainty around competitive federal funds availability, as well as declining state funding. Existing local funding is limited, by law, and cannot be used for projects not authorized for funding from the Existing Measure; and

3. This Ordinance provides for the adoption and implementation of the Expenditure Plan and renews the existing countywide half-cent transactions and use tax without increasing the tax rate. The Expenditure Plan is designed to maintain and enhance Riverside County’s transportation system by funding investments in highways, interchanges, and regional corridors; local streets and roads; and public transportation, including capital improvements, maintenance, and operations, as well as related environmental mitigation; and

4. By its adoption of this Ordinance and subject to voter approval, the Commission intends to extend the term of the current one-half percent (1/2%) transactions and use (sales) tax enacted by Riverside County voters under 2002 RCTC Measure A, beyond its March 31, 2039 sunset, on the sale and/or use of all tangible personal property sold at retail in the incorporated and unincorporated territory of Riverside County, in order to fund countywide transportation improvements described in the Expenditure Plan, for a term that will expire following repeal of the Ordinance by Riverside County voters as further provided in the Ordinance. This Ordinance must be submitted as a ballot measure (herein referred to as the “Measure”) for approval by the Riverside County voters voting on it at a regular or special election called for that purpose; and

5. California Public Utilities Code §240302(c) requires that a sales tax ordinance “shall contain an expenditure plan which shall include the allocation of revenues for the purposes authorized by this section. . .” among other provisions required by law. The Expenditure Plan meets the requirements for an expenditure plan under California Public Utilities Code §240302(c); and

6. By separate resolution, the Commission intends to submit the Ordinance/Measure to the voters at the November 3, 2026, Statewide General Election.

NOW, THEREFORE, THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION AND THE PEOPLE OF RIVERSIDE COUNTY HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Incorporation of Recitals. The foregoing recitals are true and correct and are hereby incorporated and made an operative part of this Ordinance.

SECTION 2. Commission Adoption of a Transportation Retail Transactions and Use (Sales) Tax and Expenditure Plan. By a two-thirds (2/3) vote, the Riverside County Transportation Commission (RCTC) hereby adopts this Ordinance:

I. PURPOSE. Subject to voter approval, this Ordinance provides that the Commission shall continue imposing a retail transactions and use (sales) tax at the rate of one-half percent (1/2%) pursuant to the RCTC Sales Tax Statutes until this Ordinance is repealed by voters as provided herein in the incorporated and unincorporated territory of Riverside County for transportation improvements and programs Pursuant to the RCTC Sales Tax Statutes, this Ordinance adopts an Expenditure Plan allocating such tax revenues to transportation improvements, programs and services throughout Riverside County.

II. DEFINITIONS. The following definitions shall apply in this Ordinance:

A. “Approval Threshold” means two-thirds (2/3rds) voter approval required by the RCTC Sales Tax Statutes.

B. “Bonds” means bonds or other evidence of indebtedness.

C. “CDTFA” means the California Department of Tax and Fee Administration serving as the successor to the California State Board of Equalization.

D. “CEQA” means the California Environmental Quality Act as set forth in §§ 21000-21189.3 of the Public Resources Code.

E. “CVAG” means the Coachella Valley Association of Governments or successor agency.

F. “CVCC” means the Coachella Valley Conservation Commission or successor agency.

G. “Commission” means the Riverside County Transportation Commission as set forth in §§130050, 130053, 130053.5, 130053.7, and 240000 et seq. of the California Public Utilities Code.

H. “Committee” means the Independent Taxpayers Oversight Committee established herein.

I. “County” means the County of Riverside.

J. “Existing Measure” means the current one-half percent (1/2%) retail transactions and use / sales tax levied by the Commission pursuant to Ordinance No. 02-001, which was approved by the Commission and local voters as Measure “A” at the November 2002 General Election.

K. “Expenditure Plan” means the “Riverside County Transportation Improvement Plan (“RCTIP” or “Plan”))” (attached as Exhibit “A” and incorporated herein by this reference) outlining transportation improvements, programs, and services for which tax revenues may be expended, which is hereby expressly adopted as part of this Ordinance pursuant to California Public Utilities Code §240302, including any future amendments thereto which are authorized by law.

L. “Local Jurisdiction” means a city in the County or the County.

M. “Ordinance” or “Measure” or means this Ordinance or the ballot measure presented to voters seeking authorization to extend the levy of the tax and the approval of the Expenditure Plan.

N. “MSHCP” means the Multiple Species Habitat Conservation Plan administered by the RCA in the Western Riverside County and/or the CVCC in the Coachella Valley.

O. “RCA” means the Western Riverside County Regional Conservation Authority or successor agency.

P. “RCTC Sales Tax Statutes” means California Public Utilities Code §§240300 et seq. and Revenue and Taxation Code §§7251 et seq.

Q. “TUMF” means Transportation Uniform Mitigation Fee. This fee is charged on new development by local governments to assist with the building and improvement of regional arterials. TUMF programs are administered by WRCOG in Western Riverside County and CVAG in the Coachella Valley.

R. “WRCOG” means the Western Riverside Council of Governments or successor agency.

III. EXTENSION OF LEVY OF ONE-HALF PERCENT (1/2%) RETAIL TRANSACTIONS AND USE TAX (SALES TAX). Upon approval by the Approval Threshold of the local voters

casting votes on the Measure, the Commission shall continue to impose, in the incorporated and unincorporated territory of the County of Riverside, a retail transactions and use tax (sales tax) at the rate of one-half percent (1/2%) beyond March 31, 2039, for a term that will expire following the repeal of this Ordinance by voters as provided herein. This tax shall be in addition to any other taxes authorized by law, including any existing or future state or local sales tax or transactions and use tax.

IV. RETURN TO SOURCE. Tax revenues generated by the Measure after March 31, 2039 shall continue to be allocated to the Western Riverside County, Coachella Valley, and Palo Verde Valley areas in proportion to the amount of revenues generated within each of these areas, after deduction of required CDTFA costs and other authorized administrative costs of tax collection and the allocable portion of debt service and other costs relating to the administration of any Bonds issued by the Commission to finance projects that benefit any of these areas.

V. TRANSPORTATION PURPOSES AND EXPENDITURE PLAN.

A. Pursuant to California Public Utilities Code §240302, revenues from this tax may be expended for the administration of Division 25 of the California Public Utilities Code, including legal actions related thereto, construction, capital acquisition, maintenance, and operation of streets, roads, highways, including state highways, and public transit systems. These purposes also include expenditures for planning, environmental reviews, engineering and design costs, and related right-of-way acquisition related to such actions. Permitted expenditures also include, but are not limited to, payment of debt service on Bonds and expenses in connection with the issuance of Bonds. The Commission shall allocate revenues from this tax in accordance with the Expenditure Plan adopted herein and in accordance with the RCTC Sales Tax Statutes and for any other purposes authorized by law. Following adoption of the Measure by the voters, the Expenditure Plan may only be amended, if required, as set forth in California Public Utilities Code §240302(d).

B. Commencing in 2037, and at least every ten (10) years thereafter, the Commission shall review, and where necessary propose revisions to, the Expenditure Plan. The Commission shall prepare a public report on the progress of the Expenditure Plan's implementation. Such proposed revisions shall be submitted for approval according to the procedures set forth in this Section V. Until approved, the then existing Expenditure Plan shall remain in full force and effect.

VI. ANNUAL AUDIT. The Commission shall conduct an annual, independent financial audit of the proceeds from the tax during the lifetime of the tax. The audit described above shall be performed in accordance with generally accepted auditing standards. In addition, the Commission shall post the audit on the Commission's website or by other local means/methods that are easily accessible to the public as required by law.

VII. BONDING AUTHORITY. The Commission shall have the power, upon a separate Commission vote or action, to sell or issue, from time to time, on or before the collection of taxes, Bonds, or any other financial instrument, in the aggregate principal amount at any one time

outstanding, together with interest accrued thereon, of not to exceed the estimated proceeds of the tax, as determined by the Expenditure Plan, and to secure such indebtedness by way of future collection of revenues generated by this tax, for capital outlay expenditures and for the purposes set forth in Section V above. The Commission shall allocate revenues fulfilling the annual debt service requirements prior to allocating funds for other projects.

VIII. MAINTENANCE OF EFFORT.

A. The Commission, by enactment of this Ordinance, intends that the additional funds provided to local jurisdictions pursuant to the Measure shall supplement existing local revenues and required developer contributions used for transportation purposes. Local jurisdictions shall maintain their existing commitment of local funds for street, highway, and public transit purposes pursuant to this Ordinance, and the Commission shall enforce this Section VIII by appropriate actions including but not limited to financial audits of the local governments and adoption of implementing policies.

B. A local jurisdiction's share of Local Streets and Roads funds generated by the Measure shall not be awarded directly to the local jurisdiction unless the local jurisdiction at the time of award has met its annual maintenance of effort requirement.

IX. COMPLIANCE WITH TUMF AND MSHCP PROGRAMS.

A. The Commission shall not award local jurisdictions in Western Riverside County with Local Streets and Roads funds generated by the Measure unless the local jurisdiction is, at the time of award, certified by WRCOG, as being in compliance with the TUMF Program and including related policies and procedures, and impact fee requirements, and is also certified by the RCA as being in compliance with the MSHCP and related impact fee programs.

B. The Commission shall not award local jurisdictions in Coachella Valley with Local Streets and Roads funds generated by the Measure unless the local jurisdiction is, at the time of award, certified by CVAG, as being in compliance with the TUMF Program including related policies and procedures, and impact fee requirements, and is also certified by the CVCC as being in compliance with the CVMSHCP and related impact fee programs.

C. CVAG shall fund projects in cities and the County in the Coachella Valley so long as they continue to be compliant with TUMF, as certified by CVAG, and the CVMSHCP, as certified by the CVCC. Unless as specified in the Expenditure Plan, CVAG shall not enter into reimbursement agreements with CVAG member jurisdictions or other agencies if they are not found to be compliant in the annual CVAG and CVCC certifications.

D. The provisions of this Section IX shall not apply to local jurisdictions in the Palo Verde Valley.

X. INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE.

A. There is hereby established an Independent Taxpayers Oversight Committee (“Committee”). The Committee shall meet once each year. The Committee meeting shall be held pursuant to the Ralph M. Brown Act. The purpose of the Committee shall be to review the annual financial audit of the Commission:

1. Relying on reports from independent professionals engaged by the Commission to ensure the revenues from this Measure are expended only for the purposes described herein specific to local streets and roads usage; and
2. Acting in a cost-efficient manner by not adding a cost burden to the Commission’s implementation of the Expenditure Plan and this Ordinance.

B. The Committee shall comprise of up to seven (7) members appointed by the Commission, all of whom shall be residents of Riverside County. At least one member shall reside in each supervisorial district and the Commission shall strive to appoint one (1) at-large individual from Coachella Valley or Palo Verde Valley and another from the Western Riverside County geographic subregion as defined in the Expenditure Plan.

C. Committee members shall serve without compensation, except for reimbursement of travel expenses in connection with meeting attendance. The term of Committee membership is two years and no more than two terms may be served. Committee members may not be Commission employees or relatives of Commission employees, consultants, grantees, funding recipients, or recipients of Commission retiree benefits. The Commission shall adopt conflict of interest rules applicable to Committee members.

D. The Committee shall:

1. Receive the annual financial audit, as specified in Section VI.
2. Receive an annual budget update outlining the Commission’s revenue and expenditure forecast and funding priorities for projects in the Expenditure Plan.

E. The Commission may adopt additional rules governing the appointment and qualifications of Committee members as well as establishing the Committee’s roles, duties, and procedures. In addition, the Committee will be Chaired by the Commission Chair as a non-voting member. The Committee shall be staffed by Commission staff.

XI. LIMITATION ON EXPENDITURE FOR ADMINISTRATIVE COSTS AND OTHER PURPOSES.

A. Pursuant to California Public Utilities Code §240301, the Commission shall only expend revenues generated from the Measure for staff support, audit, administrative expenses, and contract services that are necessary and reasonable to carry out its responsibilities pursuant to this Ordinance, and in no case shall any tax revenues expended

for administrative salaries and benefits exceed one percent (1%) of the annual net amount of tax revenue generated by the Measure.

B. Any portion of the salaries and benefits allocation not expended in a fiscal year may be carried forward and expended in subsequent fiscal years, provided that: (i) no carried-forward amount shall remain available for expenditure more than five (5) fiscal years after the fiscal year in which the revenues were originally collected; and (ii) cumulative salaries and benefits expenditures shall not exceed one percent (1%) of total revenues collected pursuant to the Measure.

C. The proceeds of the tax shall only be used for the purposes specified in the Ordinance, and not for any other purpose. The proceeds of the tax shall not be expended for general employee salaries or other operating expenses of the Commission not tied to the purposes of this Ordinance.

D. The proceeds of the tax shall only be spent on projects and programs that serve the jurisdiction of the Commission.

XII. ANNUAL APPROPRIATIONS LIMIT. Pursuant to Article XIII B §4 of the California Constitution and California Public Utilities Code §240308(b) & (c), the appropriations limit for the Commission will be increased by the maximum projected aggregate collection authorized by the levy of this tax, as indicated in Section III, in each of the years covered by the Measure plus the amount, if any, by which the appropriation limit is decreased by law as a result of the levy of the tax set forth in the Measure.

XIII. ADOPTION DATE OF MEASURE AND OPERATIVE DATE OF TAX. The Measure shall take effect at the close of the polls on the day of election at which this Measure is adopted by a vote of the electorate. Pursuant to California Public Utilities Code §240304(a), the sales tax authorized by the Measure shall be operative on the first day of the first calendar quarter commencing more than 120 days after adoption of the Measure on November 3, 2026, provided that, before April 1, 2039 the rate of such sales tax shall be zero percent (0%) and, on and after April 1, 2039, the rate of such sales tax shall be one-half percent (0.5%).

XIV. DURATION/TERM OF TAX. The tax enacted by the Measure shall continue to be levied for a term that expires following repeal of the Ordinance by the voters *provided that* in no case shall such repeal become effective prior to the date on which all Bonds issued by the Commission in accordance with this Ordinance, and any related obligations, have been paid in full and are no longer outstanding.

XV. TECHNICAL PROVISIONS FOR COLLECTION AND ADMINISTRATION OF TAX. By their adoption of this Ordinance, the Commission and the voters of Riverside County hereby expressly incorporate the technical provisions for the collection and administration of this tax by the CDTFA, which are required by State law and are specifically set forth in Ordinance No. 26-002, which was adopted by the Commission on June 10, 2026.

XVI. ADMINISTRATION OF PLANS. The Commission shall impose and collect Measure funds, shall allocate revenues derived, and shall administer the Expenditure Plan consistent with the authority cited therein.

XVII. CONFLICT BETWEEN ORDINANCE AND EXPENDITURE PLAN. In the event of any conflict between the terms of this Ordinance and the terms of the Expenditure Plan, the terms of this Ordinance shall control.

XVIII. THE EXISTING MEASURE; SUPERSESSION OF EXISTING EXPENDITURE PLAN. If approved by voters, this Ordinance is intended to continue the levy of the one-half percent (1/2%) transactions and use tax originally approved under the Existing Measure after April 1, 2039, but the expenditures of tax revenues on and after the effectiveness of this Ordinance shall be governed by the attached Expenditure Plan which supersedes the expenditure plan relating to the Existing Measure. Any unexpended or unencumbered funds, as well as funds associated with existing projects or programs under the prior expenditure plan, shall be carried forward and allocated to the appropriate categories set forth in the Expenditure Plan adopted by this Ordinance, consistent with applicable law. Proceeds of the sales tax collected on and after the effective date of the Measure shall be available to be applied to pay debt service on all Bonds and other obligations payable from or secured by the Existing Measure that were issued by the Commission prior to such date and on any refunding Bonds issued thereafter.

SECTION 3. CEQA Compliance. The Commission finds that the approval of this Ordinance is not a “project” and, alternatively, is exempt from the CEQA. The Ordinance is intended to provide a funding mechanism for potential future projects and programs related to the Commission’s provision of transportation services. The Ordinance does not commit the Commission to any particular project, program, or capital improvement. Accordingly, the Commission finds that, under CEQA Guidelines §15378(b)(4), adoption of this Ordinance is not a project subject to the requirements of CEQA because the Ordinance is merely “[t]he creation of [a] government funding mechanism or other fiscal activity which do[es] not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.” (CEQA Guidelines §15378, subd. (b)(4); see also *Sustainable Transportation Advocates of Santa Barbara v. Santa Barbara County Association of Governments*, 179 Cal.App.4th 113, 123). Additionally, the timing, design, and approval of individual projects to be funded by the Ordinance are dependent on future funding availability, need, feasibility, CEQA review, future Expenditure Plan review and amendments, and numerous other factors. Thus, the timing and design of future projects, which may not be brought forward for many years, are unknown, and insufficient information is available to enable meaningful environmental review (CEQA Guidelines §15004). Further, because the Ordinance does not approve the construction of any projects that may result in any direct or indirect physical change in the environment, and because future voter approval is required as set forth in California Public Utilities Code §240301, approving the Ordinance is not an approval that commits the Commission to a definite course of action (CEQA Guidelines §15352). Thus, it can also be said with certainty that the Ordinance has no potential for causing a significant effect on the environment and is exempt from any further review under CEQA (CEQA Guidelines § 15061(b)(3)). Some of the potential projects that may be funded by the Measure include pedestrian, trail, bicycle, and vehicular efficiency improvements that may help to reduce regional Vehicle Miles Traveled (VMT), and thus

further assist in meeting congestion management goals while also offering VMT mitigation opportunities.

SECTION 4. Severability. If any provision of this Ordinance / Measure or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance / Measure and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 5. Certification. The Commission Clerk of the Board shall certify to the adoption of this Ordinance and shall record it in the official records of the Commission.

PASSED AND ADOPTED by the Riverside County Transportation Commission this 10th day of June, 2026.

Raymond Gregory, Chair
Riverside County Transportation Commission

ATTEST:

Lisa Mobley, Clerk of the Board
Riverside County Transportation Commission

APPROVED AS TO FORM:

Steven C. DeBaun, General Counsel

Exhibit "A"
Expenditure Plan

[attached behind this page]

Exhibit A