



AGENCY: City Council
MEETING DATE: June 26, 2023
DEPARTMENT: Public Works
PRESENTED BY: Chantell O'Neal
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AGENDA ITEM SUMMARY

TITLE:

RECEIVE REPORT AND CONSIDER ADOPTION OF FORT BRAGG CITY COUNCIL RESOLUTION CALLING A SPECIAL MUNICIPAL ELECTION FOR NOVEMBER 7, 2023 TO BE CONDUCTED BY THE REGISTRAR OF VOTERS, SUBMITTING AN EXTENSION OF THE CITY'S STREETS MAINTENANCE TRANSACTIONS AND USE TAX TO THE VOTERS AND CONSIDER THE INTRODUCTION OF AN ORDINANCE EXTENDING THAT TAX

ISSUE:

The special transaction and use tax (street sales tax) for maintenance of City streets sunsets on December 31, 2024. On June 12, 2023, the City Council directed staff to proceed with the necessary actions to seek voter approval to extend the tax at a special election held on November 7, 2023. During this meeting, the Council consensus was to remove the ten (10) year sunset clause and to add language explicitly clarifying that streets include incorporated storm drain infrastructure.

ANALYSIS:

The City's Street Sales Tax is a ½-cent special sales tax to repair, maintain, and reconstruct existing streets. The street sales tax was adopted by a special all-mail ballot election on August 31, 2004, and again on August 27, 2014. The Street Sales Tax is set to expire on December 31, 2024.

Historically, both Street Sales Tax measures included a sunset date. However, the need for street maintenance, repair, and reconstruction is continuous, and a stable ongoing source of funds is essential. Therefore, the City Council directed staff to prepare a measure that would not sunset.

Historically, proceeds of the tax funded work on storm drain system elements, which are an integral part of a street maintenance repair or reconstruction, because the proper function of drainage elements is critical to the proper function of the roads. The use of the special street sales tax on storm drain systems, which are necessary to drain streets and roads, is consistent with the state and federal program guidelines for the use of gas taxes. Article XIX of the California Constitutions and S&H Code Section 2101 governs the expenditure regarding the allowable uses of the gas tax for public streets, highways, and related public facilities. Attachment 3 is the most current "Guidelines Relating to Gas Tax Expenditures for Cities and Counties" prepared by the State Controller, which. This document provides a clearly defined nexus between roadways and the network of drainage systems necessary to keep the water efficiently channeled off the pavement to prevent deterioration of the City's overall pavement condition.

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The City Council directed staff to include more explicit language that clarified the legal use of these funds, which is consistent with the way gas tax funds may be used.

In order to extend the tax, two things must happen:

- Council must adopt, by a two-thirds vote of its members, an ordinance extending the tax; and
- Voters must approve the ordinance by a two-thirds vote of those casting ballots on the matter.

Staff recommends the Council take two actions:

- Introduce the Ordinance extending the tax; and
- Adopt a resolution that calls a special election for November 7, 2023, submits the tax ordinance to the voters for that election and requests the Registrar of Voters conduct the election and consolidate it with any other elections occurring on the same date. Because the resolution submits the Ordinance to the voters, the ordinance is an exhibit to the resolution (and therefore a part of the resolution) as well as being its own stand-alone document.

No change is proposed to the rate of the special tax, which is 0.5% (one half of one percent). The California Department of Tax & Fee Administration collects the tax, and the State remits the tax proceeds (less an administrative fee) to the City.

Attachment 1 to this report is the Resolution relating to the election. Exhibit A to the Resolution is the Ordinance.

FISCAL IMPACT:

The cost of conducting the special election is estimated at \$15,000-\$20,000. The tax currently generates approximately \$1,352,000 per year for street maintenance, repair and reconstruction. If the tax is not extended, the City will no longer receive these funds after the existing tax sunsets.

Additionally, the local “voter-approved tax” qualifies the City as a “Self-Help City” which makes us eligible for annual appropriations from Local Partnership Program (LPP) dollars from the Road Maintenance and Rehabilitation Account (RMRA) state sales tax money. RMRA has reimbursed the City \$888,000 since 2017, to use towards expenses directly associated with large street rehabilitation projects.

GREENHOUSE GAS EMISSIONS IMPACT:

There are no anticipated greenhouse gas emissions with placing the measure on the ballot.

CONSISTENCY:

The ballot measure is one way to comply with the Circulation Element of the City’s General Plan Policy C-3.1 “Roadway Improvements: In coordination with Caltrans and Mendocino County, plan for and seek funding for ongoing improvements to the local and regional road system to ensure that the roadway system operates safely and efficiently. Project applicants

are fiscally responsible for their fair share of roadway improvements necessary to serve their projects” may be fulfilled.

Additionally, the collection and use of the Street Sales Tax on street projects is consistent with Chapter 3.10 of the Municipal Code and the State Road Maintenance and Rehabilitation Act of 2017.

IMPLEMENTATION/TIMEFRAMES:

Following adoption of the Resolution, the City Clerk places a notice in the newspaper to request for arguments for or against the ballot and establish due dates. The County Clerk has indicated that all items for the election are due no later than August 01, 2023. The election results from the November 7, 2023 election are certified the following month, and, if passed, the paperwork is submitted to the State Board of Equalization. There will be no interruption in collecting the sales tax. Should the measure not pass the Council could consider another special election in March or November 2024.

RECOMMENDED ACTION:

1. Adopt a Resolution of the Fort Bragg City Council calling for a Special Election on November 7, 2023 to submit a Streets Maintenance Transactions and Use Tax Ordinance to the electorate; establishing policies and procedures in connection with the election and requesting the Registrar Of Voters conduct and consolidate the election with other elections conducted by the County on that date.
2. Introduce and waive first reading of an Ordinance of the City of Fort Bragg Extending the City’s One-Half of One Percent Transactions and Use Tax (Sales Tax) to fund repair, maintenance and reconstruction of City streets to continue to be administered by the California Department of Tax and Fee Administration. Completed as a separate report – Item 8B.

ALTERNATIVE ACTION(S):

1. Direct staff to modify the resolution and/or ordinance prior to the adoption of the resolution calling the ballot.
2. Direct staff to conduct the election on another date such as March 5, 2024, or November 5, 2024.
3. No action. This alternative would allow the special sales tax to sunset at the end of 2024.

ATTACHMENTS:

1. Resolution
2. Guidelines for Gas Tax Expenditures

NOTIFICATION:

Streets Construction