



AGENCY: City Council
MEETING DATE: June 12, 2023
DEPARTMENT: Public Works
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AGENDA ITEM SUMMARY

TITLE:

RECEIVE REPORT AND PROVIDE DIRECTION TO STAFF REGARDING A BALLOT MEASURE EXTENDING SPECIAL PURPOSE TRANSACTIONS AND USE TAX FOR STREET MAINTENANCE AND IMPROVEMENTS

ISSUE:

The special transaction and use tax (sales tax) for maintenance of City streets sunsets on December 31, 2024. The State Board of Equalization (SBOE) has indicated that the last election date upon which the voters could authorize an extension of the sales tax without interruption would be July 2024 as it takes 110 days for the SBOE to process the paperwork after election results are certified. At the City Council mid-year budget meeting, staff sought direction on the timing for this ballot measure and recommended that the ballot be placed on the November Special District election to be held on November 07, 2023. There were some questions about whether the special tax could be put to the voters at the County's Special Election, but staff has since confirmed with the City Attorney that as a special tax, this measure is eligible for an election that does not also include seats on the City Council.

ANALYSIS:

The City's street maintenance transaction and use tax ("street sales tax") ½-cent special sales tax is strictly used for street repairs. The street sales tax was adopted by a special all-mail ballot election on August 31, 2004, and again on August 27, 2014, and is set to expire on December 31, 2024. Attached is a copy of Fort Bragg Municipal Code Chapter 3.10: Special Purpose Transactions and Use Tax showing the current wording of the sales tax ordinance (Attachment 1).

As of December 2022, this tax has provided \$9,627,000 in revenue to be used for the sole purpose of repairing, maintaining, and reconstructing city streets since its renewal in 2014. Just in the last five (5) years, the Special Sales Tax Revenue has made it possible for the City to complete several important street maintenance and improvement projects including rehab of over 16 residential street segments, four (4) commercial street segments, and nine (9) alleys.

During the previous discussion at the mid-year budget, staff was directed to coordinate with one of the upcoming County election dates to avoid the need for calling our own special election to save on costs. The County currently has two elections scheduled before the November 2024 primaries; one is November 07, 2023, and the other is March 5, 2024. Staff recommends targeting the earliest date of November 07, 2023. By conducting the election at this time, should the measure fail to pass, the City would have an opportunity to make

modifications, do additional publicity and outreach, and conduct another special election on either March 5, 2024, or in conjunction with the regular November 2024 election. The current tax has a ten (10) year sunset, and the proposed measure is recommended to stay the same.

RECOMMENDED ACTION:

Direct staff to bring back a resolution at a future meeting calling for this ballot to be included on the County’s Special District Election, November 07, 2023, for voter approval to extend the Special Purpose Transactions and Use Tax for Street Maintenance and Improvement; establishing policies and procedures in connection with the Election; and requesting the services of the Registrar of Voters in conducting the election.

- Provide direction to staff regarding any proposed changes to the ordinance.

ALTERNATIVE ACTION(S):

1. No action. This alternative would allow the special sales tax to sunset at the end of 2024.
2. Continue action and request staff to provide additional information and/or analysis at a future meeting.
3. Direct staff to conduct the election on another allowable date such as March 05, 2024, or November 05, 2024.

FISCAL IMPACT:

If the Council decides not to place a ballot measure before the voters or if the voters decide not to extend the sales tax, the City will lose approximately \$962,000 per year in revenues for street maintenance and improvement. The tax collected since 2014, broken down by fiscal year, is as follows:

Sales Tax Revenues		
Fiscal Year	Accrual	Expenditures
2014	\$ 824,812.16	\$ (163,247.49)
2015	\$ 1,018,025.21	\$ (63,777.39)
2016	\$ 867,714.80	\$ (82,680.99)
2017	\$ 911,155.73	\$ (2,402,013.00)
2018	\$ 995,352.54	\$ (588,905.90)
2019	\$ 904,485.22	\$ (1,915,902.66)
2020	\$ 968,513.91	\$ (273,576.21)
2021	\$ 1,118,016.87	\$ (216,690.59)
2022	\$ 1,226,073.41	\$ (1,674,220.33)
TOTALS	\$ 8,834,149.85	\$ (7,381,014.56)

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. The City has been reimbursed \$888,000 since RMRA was passed in 2017, for use towards expenses directly associated with large street rehabilitation projects.

IMPLEMENTATION/TIMEFRAMES:

If the Council desires to move forward with the special election on November 07, 2023, staff will bring back a resolution at the June 26th meeting calling for a Special Election on November 07, 2023, for voter approval to extend the Special Street Sales Tax and establishing policies and procedures for the Election. The election results would then be certified the following month, and, if passed, the paperwork would be submitted to the State Board of Equalization, and there would be no interruption in collecting the sales tax. Should the measure not pass the Council can then determine whether to try again in March or November of 2024.

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 in which 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.

ATTACHMENTS:

1. Fort Bragg Municipal Code Section 3.10: Special Purpose Transactions and Use Tax
2. 03222023 Mid-Year Budget Presentation

NOTIFICATION:

Street Construction List serve