

RESOLUTION NO. ____-2018

RESOLUTION OF THE FORT BRAGG CITY COUNCIL ENDORSING MEASURE H TO INCREASE FORT BRAGG'S ADD-ON TRANSACTION AND USE TAX

WHEREAS, the Fort Bragg City Council adopted Resolution No. 4112-2018, which placed Measure H on the November 6, 2018 ballot for Fort Bragg Voters to either approve or disapprove. Measure H, if approved, will enact a three-eighths ($3/8^{\text{th}}$) of a cent general purpose transaction and use tax (sales tax); and

WHEREAS, reported by the League of California Cities, rising pension costs will require California cities over the next seven years to nearly double the percentage of their budget to pay the California Public Employee Retirement System (CalPERS) pension cost; and

WHEREAS, Measure H, if approved, will generate an estimated \$623,000 annually which as a general purpose tax may be used to pay the City's projected \$9.4 million unfunded pension liability¹, over fifteen (15) years instead of thirty (30) years, thereby saving the City an estimated \$4.1 million in interest costs²; and

WHEREAS, Measure H, if approved, will sunset after fifteen (15) years; and

WHEREAS, the annual City of Fort Bragg's CalPERS pension cost is estimated to increase by an average of \$147,000 every year for the next seven years with a total increase of over \$900,000 by the 2024-2025 fiscal year; and

WHEREAS, the City of Fort Bragg's estimated \$9.4 million unfunded pension liability represents retirement benefits already earned by prior and current employees. It is a debt that is owed and will be paid by the City, regardless of current and future staffing levels; and

WHEREAS, the Sales tax revenue generated within the City of Fort Bragg originates from tourists and visitors, City residents and regional area residents (those who reside outside of City limits but regularly shop in Fort Bragg). Sales tax dollars from tourists are estimated to generate approximately 40% of the revenue, regional area residents generate an additional 33% of the sales tax, and 27% of the tax impact would be carried by City of Fort Bragg residents; and

WHEREAS, the state sales tax rate is 7.25%. Cities, counties and countywide agencies may impose sales tax rates that are added to the 7.25% base. Under current state law, the maximum added sales tax in any location cannot exceed two percent. Between the Cities and County, remaining capacity in the sales tax is .375% or $3/8^{\text{th}}$ of a cent. The City's opportunity to utilize the additional sales tax capacity could be limited by the passage of a countywide or transportation agency sales tax.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Fort Bragg does hereby endorse Measure H to increase the City's local transaction and use tax.

¹ CalPERS Actuarial Valuation Reports for City of Fort Bragg Dated August 2017, Reported as of June 30, 2016.

² Ibid.

BE IT FURTHER RESOLVED that the City Council of the City of Fort Bragg encourages the voters of Fort Bragg to cast their ballots in the General Election on Tuesday, November 6, 2018.

The above and foregoing Resolution was introduced by Councilmember _____, seconded by Councilmember _____, and passed and adopted at a regular meeting of the City Council of the City of Fort Bragg held on the 22nd day of October, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RECUSED:

LINDY PETERS
Mayor

ATTEST:

June Lemos, CMC
City Clerk