



STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: Alex Stillman, Mayor and Tabatha Miller, Finance Director

PREPARER: Tabatha Miller, Finance Director

DATE: March 19, 2025

TITLE: **Adopt Resolution No. 245-38 in Appreciation of the City of Arcata Voters for Supporting and Adopting Measure H.**

RECOMMENDATION:

It is recommended that the Council adopt Resolution No. 245-38 in appreciation of the City of Arcata Voters for supporting and adopting Measure H.

INTRODUCTION:

On June 12, 2024, the City Council voted unanimously to place a $\frac{3}{4}$ of a cent increase in the Transactions and Use Tax (TUT) on the November 5, 2024, ballot. The tax measure, later assigned the designation of Measure H by the Humboldt County Elections Department, was approved by more than 65% of the City of Arcata Voters and will be effective April 1, 2025.

BACKGROUND:

Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program authorized by the American Rescue Plan Act (ARPA) were received by the City in July 2021. The \$4.4 million ARPA funding provided the City with opportunities to invest locally in new programs deemed important to the community but also delayed budget shortfalls, by providing the financial means to rehire six critical frozen positions and supplementing much needed infrastructure maintenance and improvements.

It was clear that, as the one-time ARPA funds were expended, the projects, programs and staff supported by ARPA funding would require additional General Fund revenue to be continued. Projects asked for by the community including those that address homelessness and its impacts, and efforts to address climate change such as electrification of the City's vehicle and equipment fleet and building complete streets to provide accessible transportation alternatives did not have ongoing financial support. Another fiscal challenge that Arcata faced was the impact of adding new facilities without increasing the staff to manage and maintain those additions. The significant investment in the Capital Improvement Program (CIP) over the last several years was mostly funded from outside grants and allocations.

While this significant investment of outside funds improves City services and provides local economic stimulus, the ongoing operation and maintenance costs for these assets is borne by the City. For example, while much of the funding to build Carlson Park was from grants and other state appropriations, the ongoing care and maintenance was unfunded and as such would have competed for resources with existing programs and services.

As presented at the April 2, 2024, City Council Work Session, the FM3 Research Community Survey found that 72% of the 567 registered voter respondents supported a three-fourths (3/4) of one cent Transactions and Use Tax (TUT) measure which would allow the City to maintain essential services such as:

- Road, stormwater, parks maintenance,
- Police patrols and clinical mental health response to people in crisis,
- Emergency/disaster response and climate change adaptation,
- Services addressing homelessness and its impacts,
- Youth after-school and summer programs,
- Bus services,
- and general government purposes.

The final ballot language ratified by the City Council on July 17, 2024, incorporating the priorities identified by the FM3 Survey and City Council priority programs, provides the parameters for expenditure of the Measure H funding.

To maintain and improve emergency and climate change response; services addressing homelessness and its impacts; mental health response to crisis; sidewalks, bike lanes, transit, roads and trails; recreation and parks; and other vital programs: shall the measure enacting a 3/4 cent sales tax for general government purposes be adopted, providing approximately \$2.6 million annually until ended by voters, requiring audited spending reports, citizens' oversight, and all funds to be spent locally?

Additionally, accountability, public disclosure of all spending and public oversight by the Transactions and Use Tax Oversight Committee (TUTO), were important factors to the community. Thus, on March 5, 2025, the City Council, through Resolution No. 245-37, directed the TUTO to provide oversight of Measure H expenditures.

DISCUSSION:

Mayor Stillman initiated the attached resolution to thank the community and the Yes on Measure H Committee and to remind the public of the important priorities for Measure H funding. The resolution also provided an opportunity to highlight the initial budget allocations from Measure H revenues to begin to address those priorities.

Collection of the .75% additional TUT will begin on April 1, 2025¹ and is expected to generate \$700,000 for the final quarter of Fiscal Year (FY) 2024-25. The City Council allocated the following funds to begin addressing the Measure H Priorities:

- \$25,000 to replace the Americans with Disabilities Act (ADA) door operators at the Arcata Community Center (ACC)
- \$275,000 to replace the 20-year-old roof at the ACC, to support installation of solar panels that will be funded with an Energy Conservation Assistance Act (ECAA) loan with repayment from energy savings
- \$50,000 for encampment and illegal dumping clean up in Arcata
- \$110,000 annually, for one full-time Environmental Services Facility Crew Leader position, to lead maintenance of City Parks and other public facilities. This position will increase the

¹ On April 1, 2025, the total sales tax rate in the City of Arcata will increase from 8.5% to 10.25%. Arcata's Measure H accounts for .75% of this increase and Humboldt County's Measure O for 1.0% of the combined increase of 1.75%.

daily maintenance of these city resources, including opening the restrooms at Redwood Park during operating hours.

BUDGET/FISCAL IMPACT:

While Measure H is estimated to generate \$2.6 million in tax revenue for the City annually, there is no budget or fiscal impact from the Council adopting Resolution No. 245-38 as a thank you to the City Voters and the members of the Yes on H Committee, who supported and were critical to the success of the $\frac{3}{4}$ of a cent TUT.

ATTACHMENTS:

- A. Resolution No. 245-38 in Appreciation of Arcata Voters for Supporting Measure H
- B. Arcata Parks & Playgrounds Map