



MEMORANDUM

Date: November 19, 2025
To: Honorable Mayor and City Council Members
From: Transaction and Use Tax Oversight Committee (TUTOC)
Re: Annual Transactions and Use Tax (Measure “G”) Report to the City Council

Committee Members

Currently, the Transactions and Use Tax Oversight Committee (TUTOC) is composed of the following members, each serving a 4-year term. There is one vacancy on the committee; the position that is selected from the Transportation Safety Committee on the recommendation of the City Engineer.

<u>Member</u>	<u>Term Expires</u>
Guy Alain Aronoff	2026
Jeff Knapp, Chair	2026
Steve Cole, Vice Chair	2028
Open Position	2026
Robin Hashem	2026
Josh Wolf	2028
Colin Fiske	2028

Staff Liaison: Tabatha Miller, Assistant City Manager/Finance Director

These community members were appointed to represent each member’s unique outlook on the City’s budget, and the community’s needs for street infrastructure improvements and public safety issues.

The members of the TUTOC met twice in the last fiscal year: August 26, 2025, and September 11, 2025.

Introduction

The TUTOC was created in conjunction with the approval of Measure “G” in November 2008, the ballot measure imposing a three-quarter cent general transaction and use tax (TUT) in the City of Arcata for 20 years. Although this is a general tax, the City has been and continues to be committed to using the increased General Fund revenue generated from this tax to improve Streets and Public Safety services.

The duties of the TUTOC are as follows:

1. Review prior year General Fund support of Streets and Public Safety budgets relative to historical expenditures in those activities using historical data, community needs, and other information as required to assess the propriety of the City’s expenditure of funds.

2. Report to the City Council the result of the Committee’s review and make recommendations for General Fund expenditures for the next fiscal year in the Streets and Public Safety activity budgets.
3. On March 5, 2025, the City Council adopted Resolution No. 245-37, which directed the TUTOC to provide fiscal accountability for the additional three-fourth of a cent Transactions and Use Tax (TUT) approved by the voters on November 5, 2024.

Transactions & Use Tax Revenue

Transactions & Use Tax Revenue

For fiscal year (FY) 2024-25, the City of Arcata received \$2,979,490 after fees of \$13,377, from the City’s transactions and use tax, which represents approximately 13% of the City’s total General Fund revenue. The revised budget for fiscal year 2024-25 is \$2,800,000 and revenues exceeded the budgeted amount by \$179,490. The following graphic data summarizes and compares the estimated revenue generated by the City’s TUT to sales tax by business type for FY 2024-25.

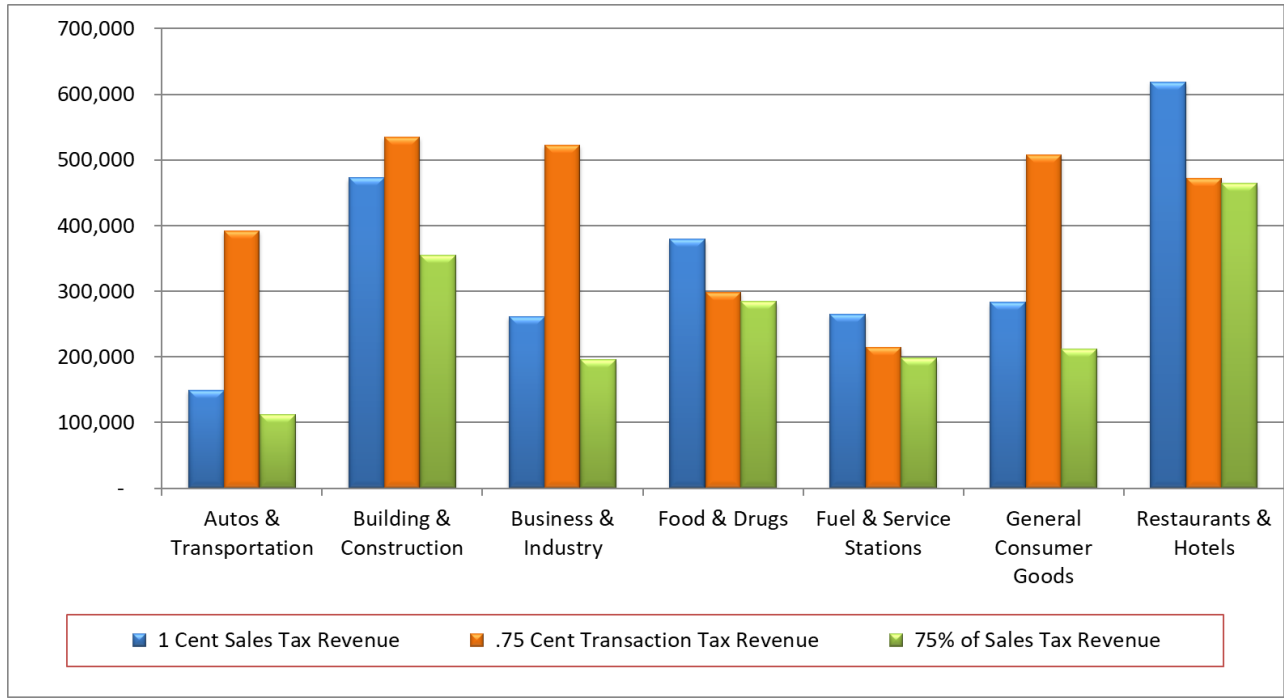
Table 1: Tax Revenue by Business Type

Industry Group*	1 Cent Sales Tax Revenue	Transaction Tax Revenue**	75% of Sales Tax Revenue	Favorable (Unfavorable) Variance	Transactions Tax of Sales Tax
Autos & Transportation	149,313	392,066	111,985	280,081	263%
Building & Construction	472,824	535,723	354,618	181,105	113%
Business & Industry	261,298	523,752	195,974	327,779	200%
Food & Drugs	379,504	299,287	284,628	14,659	79%
Fuel & Service Stations	264,408	215,486	198,306	17,180	81%
General Consumer Goods	283,072	508,787	212,304	296,483	180%
Restaurants & Hotels	619,027	472,873	464,270	8,603	76%
Transfers & Unidentified	6,221	44,893	4,666	40,227	722%
Gross Revenue	<u>2,435,667</u>	<u>2,992,867</u>	<u>1,826,750</u>	<u>1,166,117</u>	<u>123%</u>
County/State Pool	675,019				
Total Revenue	<u>3,110,686</u>	<u>2,992,867</u>	<u>96%</u>		

* Final Revenue by Industry Groups is estimated based on projections from Qtr 1 2025.

**Excludes \$13,377 in administrative fees withheld by the CA Dept of Tax and Fee Admin

Chart 1: Comparison of Transactions and Use Tax as %age of Sales Tax



Effective April 1, 2025, the total sales tax rate in the City of Arcata is 10.25%.

Table 2: Current City of Arcata Sales Tax Breakdown

State General Fund	3.9375%
County Realignment	1.5625%
County Public Safety	0.5000%
Humboldt Co Transportation	0.2500%
Humboldt Co Measure Z	0.5000%
Humboldt Co Measure O*	1.0000%
Arcata Sales Tax	1.0000%
Arcata Measure G	0.7500%
Arcata Measure H*	0.7500%
Sales Tax Rate in City of Arcata	10.2500%

**Approved by the Voters on November 5, 2024 and effective April 1, 2025.*

Because the City’s two TUT rates (Measure “G” and Measure “H”) are 75% each of the City’s portion of the sales tax rate, one would expect the percentage of each TUT measure to sales tax revenue to be 75%. For estimated results from fiscal year 2024-25, the City’s TUT generated approximately 96% of the revenue received from sales tax before other adjustments. This is up from 92% in FY 2023-24 because the City’s TUT is assessed and allocated to the district where goods are delivered or placed into use rather than where the sale was negotiated. As a result, the City is capturing TUT tax on the sale of automobiles and other registered modes of transportation,

like boats, motorcycles and airplanes that occur outside of the City’s taxing district and also on business and industry items that are brought into the district from outside suppliers. Notably, Cal Poly Humboldt has two significant construction projects that have contributed to the City’s TUT because materials are delivered to Arcata. The City does not typically receive the same sales tax amount on these materials, if the supplier is not located within City limits. Categories for which the ratio falls below 75% (none are present for FY 2024-25) result in taxable sales that were delivered outside of the City’s taxing district.

The table below compares the revenue received for the past seven years. For the fiscal years from 2018-19 to 2019-20, revenue increased at a low but steady rate. In FY 2020-21, the City experienced a significant increase in TUT and Sales Tax revenue, as spending and local outdoor-based travel responded to the changing pandemic regulations, supply chain and market conditions. In FY 2022-23, we saw a post-pandemic decrease, but TUT and Sales Tax revenue remained well above the pre-pandemic levels. FY 2023-24 resulted in an increase of 4.1% over FY 2022-23, and FY 2024-25 exceeded original projections at 5.4% above FY 2023-24, resulting in TUT and Sales tax revenue above pandemic levels. Current FY 2025-26 projection is conservatively budgeted at \$2,725,000, while FY 2026-27 through FY 2029-30 is projected to experience minimal to moderate growth (2.8% to 3.1%).

Table 3: Tax Revenue Comparison

Industry Group*	2018-19**	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Autos & Transportation	\$ 303,764	\$ 269,570	\$ 363,363	\$ 322,974	\$ 323,096	\$ 367,579	392,066
Building &	286,349	290,902	342,681	294,226	382,122	466,165	535,723
Business & Industry	433,620	423,190	528,329	523,792	447,667	509,581	523,752
Food & Drugs	290,285	291,537	313,585	246,837	316,255	294,696	299,287
Fuel & Service Stations	300,282	227,288	252,486	224,372	271,233	208,332	215,486
General Consumer	375,191	411,494	535,104	810,119	520,561	497,953	508,787
Restaurants & Hotels	412,675	327,688	346,037	346,405	429,042	461,388	472,873
Unidentified	10,228	16,990	28,668	74,722	42,982	33,083	44,893
Gross Revenue	\$2,242,494	\$2,258,659	\$2,710,253	\$2,843,447	\$2,732,958	\$2,838,777	\$2,992,867
Administration Cost	(15,860)	(13,470)	(13,250)	(17,310)	(16,940)	(11,190)	(13,377)
Net Revenue	2,226,634	2,245,190	2,697,004	2,826,137	2,716,018	2,827,587	2,979,490

* Final Revenue by Industry Groups is estimated based on projections from

** Includes \$169,900 advance in, and removal of advance in subsequent period. Gross

The chart on the next page compares the annual Transactions and Use Tax revenue received by the City over the past seven years.

Chart 2: Tax Revenue Comparison

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue (Actual)	2,226,634	2,245,190	2,697,004	2,826,137	2,716,018	2,827,587	2,979,490
Revenue (Budget)	2,341,000	2,180,000	1,913,000	2,549,451	2,630,000	2,726,000	2,925,000
		0.8%	20.1%	4.8%	-3.9%	4.1%	5.4%

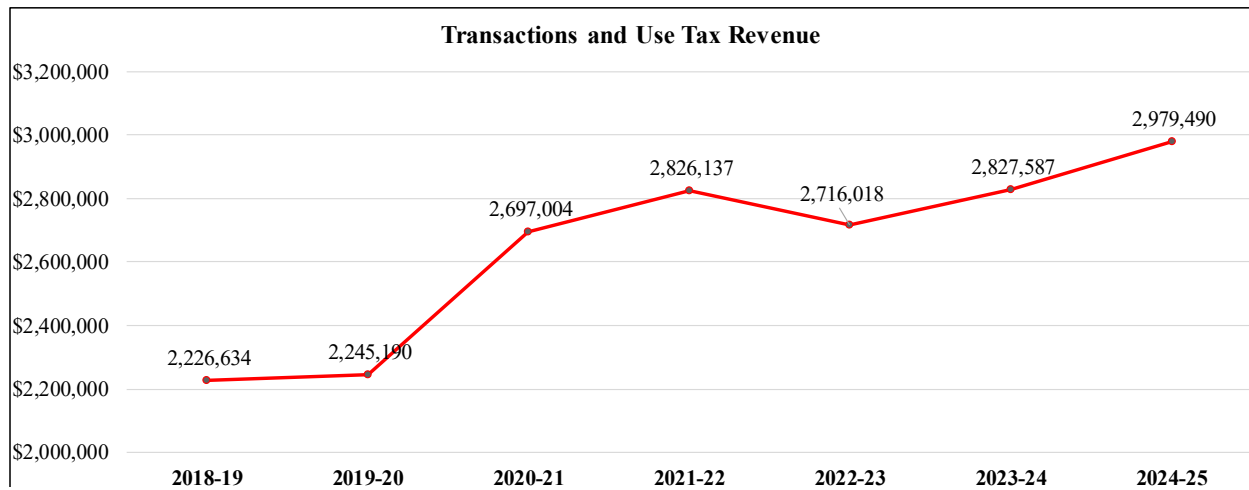


Chart 3: Projected Measure “G” TUT Revenue

Industry Group	Actual	Projected		Projected		Projected		Projected		Projected	
	2024-25	2025-26	%	2026-27	%	2027-28	%	2028-29	%	2029-30	%
Autos & Transportation	\$ 392,066	\$ 377,697	-3.7%	\$ 390,697	3.4%	\$ 406,197	4.0%	\$ 422,197	3.9%	\$ 439,197	4.0%
Construction	535,723	453,819	-15.3%	471,319	3.9%	489,819	3.9%	508,819	3.9%	533,819	4.9%
Business & Industry	523,752	466,863	-10.9%	477,363	2.2%	488,363	2.3%	499,363	2.3%	511,363	2.4%
Food & Drugs	299,287	284,418	-5.0%	287,418	1.1%	292,918	1.9%	298,918	2.0%	304,918	2.0%
Fuel & Service Stations	215,486	213,438	-1.0%	219,938	3.0%	226,438	3.0%	232,938	2.9%	239,938	3.0%
Goods	508,787	503,735	-1.0%	513,735	2.0%	521,235	1.5%	528,735	1.4%	536,735	1.5%
Restaurants & Hotels	472,873	476,936	0.9%	493,936	3.6%	512,436	3.7%	533,436	4.1%	554,936	4.0%
Unidentified	44,893	40,917	-8.9%	40,917	0.0%	40,917	0.0%	40,917	0.0%	40,917	0.0%
Total	2,992,867	2,817,823	-5.8%	2,895,323	2.8%	2,978,323	2.9%	3,065,323	2.9%	3,161,823	3.1%
Administration Cost	(13,377)	(21,415)		(22,004)		(22,635)		(23,296)		(24,030)	
Net Total	\$ 2,979,490	\$ 2,796,408	-6.1%	\$ 2,873,319	2.8%	\$ 2,955,688	2.9%	\$ 3,042,027	2.9%	\$ 3,137,793	3.1%

Street Expenditures

The inability of the City to adequately maintain much of the City’s street infrastructure was the primary reason Measure “G” was brought to the voters and approved. Prior to the adoption of the City’s TUT, the General Fund was not able to support the maintenance of City streets to the extent necessary or at a level which met the community’s expectations.

For 2024-25, the City appropriated \$2,645,651 of General Fund revenue for Street Improvement Projects and spent \$2,104,687. The City Engineer will provide an update on FY 2024-25 and FY 2025-26 projects in his report to the committee, on September 11, 2025.

Public Safety Expenditures

TUT funds are also budgeted for the purpose of maintaining adequate staffing in the Police Department in order to provide police services commensurate with community needs. For many years, the Arcata Police Department has been understaffed due to under-allocation of personnel, injuries, or the inability to retain officers, and difficulty in filling vacancies. This resulted in difficulty providing adequate levels of service throughout the entire City, and excessive overtime for employees.

On April 19, 2023, the City Council approved an extraordinary \$50,000 bonus program for lateral police officer hiring and a 3-year \$22,500 retention bonus program for current officers. The Department's existing hiring bonus of \$15,000 for lateral Officer candidates had not resulted in the number of hires needed to keep pace with departures and to restore vacant positions. In 2025, the City Council renewed the \$50,000 bonus program for lateral police officer hiring.

Since implementation of the new bonus program, the Department has reached full staffing levels (27 sworn officers including the Chief) and has even filled one over hire positions but has been unable to consistently maintain those staffing levels over the long-term. The extension of the \$50,000 lateral bonus program and budgeting for temporary over hires in the department are efforts to keep the Department at full staffing levels.

Revenue Allocation Between Public Safety and Streets Infrastructure

During the promotion of Measure "G", the TUT funds were originally to be split 1/3 to Public Safety and 2/3 to Street infrastructure. However, this ratio has been applied more flexibly over time and for the prior 10-year period reflects actual spending of 47% on Streets and 53% on Public Safety. This has shifted in the last two years from a 40/60 split (Streets/Public Safety). While street improvements can be done on a project-by-project basis, the Police Department's portion of the TUT monies are directly tied to funding personnel with its ever-rising costs of employee health insurance and retirement benefits. A significant fluctuation in the ratio may be necessary in order to maintain adequate public safety staffing.

Two years ago, the TUTOC recommended that the City Council focus on shifting the expenditure of TUT monies closer to the 1/3 Public Safety and 2/3 Street infrastructure with a particular focus on implementation of the City's Complete Streets Policy. Actual FY 2024-25 expenditure of Measure "G" was \$2,104,687 for Streets Infrastructure and \$873,914 for Public Safety. This was a split of Measure "G" revenue of 71% for Streets and 29% for Police. For FY 2025-26, the City has budgeted Measure "G" revenue of \$1,752,915 (64%) for Streets and \$972,085 (36%) for Police. This is consistent with TUTOC's recommendation.

In addition to the Measure "G" revenue, in FY 2023-24, the City spent a total of \$4.8 million on street maintenance and improvements and \$7.4 million on public safety. For FY 2024-25, the City spent a total of \$5.1 million for street maintenance and improvement projects and \$7.8 million for public safety.

Committee Recommendation of Future General Fund Expenditures

1. Reviewing the 10-year average ratio of actual expenditures from Measure “G” spent on Streets (47%) versus Public Safety (53%), the Committee recommends that the City continue to make efforts towards shifting the ratio back to closer to two-thirds for Streets and one-third for Public Safety. The Committee acknowledged that flexibility from year to year is important in allocating the resources and does not recommend any action that would reduce the number of police officers or significantly impact public safety, but felt it was important that the City stay close to the promise made to voters in 2008.

Consistent with progressing closer to the two-thirds and one-third split, the FY 2024-25 budget allocated \$2,557,313 to paving projects and included approximately \$475,351 of funds, unspent in FY 2023-24 and carried forward to the FY 2024-25 budget. The resulting ratio for FY 2024-25 budget is 92% for streets and 8% or \$217,487 for Public Safety, this allocation will adjust the ongoing spending ratio closer to the 2008 promise to voters. This expenditure in FY 2024-25 is primarily to help fund completion of the Old Arcata Road project.

2. The Committee accepts the direction by City Council to extend the TUTOC’s duties to include oversight of the Measure “H” expenditures and reporting. Collection of Measure “H” began on April 1, 2025. To provide direction and oversight going forward, the Committee agreed to meet four times over the next year. These additional meetings will allow the Committee to develop and communicate recommended priorities for FY 2026-27 for the expenditure of Measure “H” funds.

Conclusion

Since the inception of the Transaction and Use Tax in 2008, the funds have had a significant and positive impact on the City.

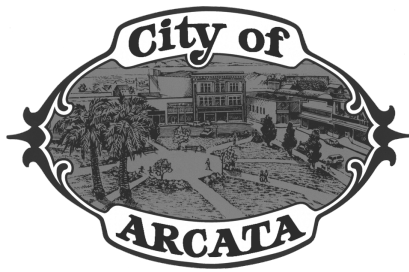


ARCATA POLICE DEPARTMENT



Fiscal Year 2024-2025 has been year of changes and transitions for the Arcata Police Department. Lieutenant Todd Dokweiler, Sergeant Brian Hoffman, and Sergeant Chris Wilson retired after years of dedication to the City. Arcata Community Outreach Team Sergeant Luke Scown promoted to Lieutenant. Officers Victoria Johnson, Travis Sherrod, and Bram Jansen were promoted to Sergeant. Officers Kasey Burke, David Lee, Cameron Neff, and Conan Johnson took the big step of becoming Field Training Officer, becoming the future leaders of this department. We have two new officers on the Field training Program, Officer Nick Wilson and Officer Andrew Leslie, and currently have two Police Recruits at the Police Academy. Emory Streit was hired as an Emergency Dispatcher and is completing her training this week. We are also working to expand the Community Ambassador Program into the Valley West area and working to hire several more Community Ambassadors.

Total Incidents	36616	Other Frequent Response Locations	
Calls for Service	23027	Arcata Bay Crossing	206
Officer Initiated Activity (OIA)	13589	The Grove	167
Traffic Stops	2699	Valley West Village	158
Other OIA Incidents	10890		
Total Officer Cases	3058	Community Ambassador Interactions	
Traffic Collisions	131	Businesses	2,431
Felony	557	Unhoused	8,605
Misdemeanor	1912	Tourist/Housed	5,811
Total Arrests	1961		
Misdemeanor Arrests	1632	5 Gallon Buckets of Trash	3,960
Felony Arrests	329	<i>Approximately 19,800 lbs.</i>	
Citations	3015		
Top 5 Responded to Locations		Staffing	
Greater Valley West Area	3740	Officer Vacancies	3
Arcata Plaza	2060	Dispatcher Vacancies	0
Intermodal Transit Facility/Arcata			
House Annex	990		
Union Town Shopping Center	811		
Mad River Community Hospital	365		



Memorandum

To: Tabatha Miller, Assistant City Manager
Merritt Perry, City Manager
Chair and Members of the Transaction & Use Tax Oversight Committee (TUTOC).
Citizens of Arcata

From: Netra Khatri, City Engineer

Date: September 4, 2025

Re: Update on Measure “G”-Sourced Paving Expenditures for 2024-2025 and planned work for 2025-2026

Dear Recipients,

The goal of this memo is to provide an update regarding the current asphalt paving, concrete and local match projects using funds sourced with “Measure G” revenue. In addition, provide a list of planned work for the year 2025-2028 using a portion of Measure G funds.

Generally, Measure G allocates approximately \$1.5M per year for street improvements (paving and street improvements) projects.

For 2024/2025, the City staff budgeted \$2.08M of general funds generated by the City’s TUT. Portion of this fund was carried over from FY 23-24. These funds were used for portions of the following projects:

- Old Arcata Road Improvements
- South Arcata Multimodal Safety Improvement Plan (includes Samoa Blvd and South G Street, match funds).
- A preliminary project study and design for the US 101 and Sunset Avenue Interchange Project (complete and secured construction funds)
- 11th and K streets improvements
- Annual Paving: Grind-out/ Inlay at various locations. See list below.

Street Name	From	To	25-28	Status
G Street	8 th Street	9 th Street	X	Complete
5th Street	H Street	I Street	X	Complete
5th Street	G Street	H Street	X	
6th Street	H Street	K Street	X	
7th Street	F Street	Union Street	X	
7th Street	K Street	L Street	X	
13 th Street	B Street	C Street	X	Complete
13 th Street	O Street	Q s Street	X	
14 th Street	J Street	Union Street	X	
14 th Street	O Street	Q Street	X	
15 th Street	J Street	F Street	X	
24 th Street	L K Wood Blvd.	End of the street.	X	
Alley b/w 12th and 13 th and P&Q			X	
Alliance Road	11th Street	Foster Avenue	X	
Bayview Street	Park Avenue	Fickle Hill (little Fickle).	X	Complete
Boyd Road	Giuntoli Lane	End (City Limits).	X	
D Street	10th – 11th, 11th-13th St.		X	Complete
Eye Street	Todd Ct.	500 ft. North.	X	Complete
Foster Avenue	Q St to City Limit		X	Complete
Giuntoli Lane	Valley West	Boyd Road	X	Complete
Greenbriar	North of California Ave.		X	
H Street	11th Street	Sunset Avenue	X	Complete
J Street	10th Street	11th Street	X	
K Street	Samoa Blvd.	11 th Street	X	
L K Wood	Redwood	Camp Curtis	X	Complete
M Street	12th – Alliance.		X	Complete
Mack Road	Ridge Road	End	X	
Q Street	11th Street	Foster/17th	X	
Ross Street	Sunset Ave	End	X	
South F Street	South of 3rd	North of Front Street.	X	Complete
South G Street	500 ft. West of US 101 ramps.		X	
South I Street	2 nd Gate	HBTN	X	In progress
Susan Avenue	27 th Street	End	X	
West End Road	Giuntoli Lane	End (City Limits).	X	Complete
Western Avenue (remaining half)	North Street	Foster Avenue	X	

For 2025/2026, the City staff budgeted approximately \$1,030,000 of general funds generated by the City’s TUT. A small portion of this fund is carried over from FY 24-25. These funds are slated to be used for portions of the following projects:

- South Arcata Multimodal Safety Improvement Plan (includes Samoa Blvd and South G Street, match funds for Environmental phase).
- Safe Route to School (SRTS): Fuente Nueva Charter School (Match funds)
- Design and construction for the US 101 and Sunset Avenue Interchange Project (Match Funds)
- Annual Paving: Grind-out/ Inlay and Slurry at various locations. See list above.
- Annual Striping and sidewalk improvements

Pavement Current Condition

The Pavement Condition Index (PCI), is a measurement of the pavement condition and ranges from 0 to 100. A newly constructed street will have a PCI of 100, while a failed street will have a PCI of 25 or less. The average 2018 PCI of the City’s entire street network was 66, with a remaining service life of approximately 18 years. The average 2025 PCI for the entire network is **59 (it was 60 in 2024)**, with a remaining service life of 15 years. Note that these values are projected and area-weighted calculations from StreetSaver. The remaining service life for the network is based on the projection that if no further funding were allocated to pavements, the network will reach “Very Poor/Failed” condition in approximately 15 years. Figure 1 below illustrates the definitions of the five pavement condition categories and attached is the 2025 PCI Summary report from the StreetSaver.

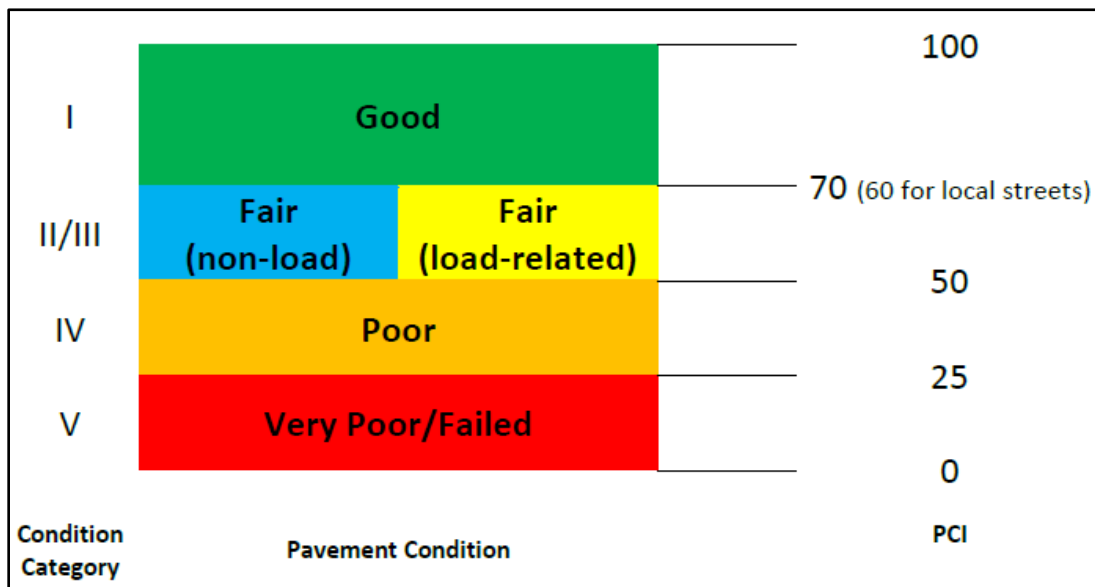


Figure 1: Pavement Condition Category by PCI

FEW PICTURES FROM 2024-25 PAVING:

10th Street Paving



Bayview Street Paving



Safe Route to School Project: pop up demonstration at 11th St and Janes Road



SAMSIP pop up demonstration



Sunset Avenue and US 101 Interchange Project:



Concept: Intersection of Old Arcata Road and Jacoby Creek Road



CITY OF ARCATA
Old Arcata Road Rehabilitation & Pedestrian/Bikeway Improvements
September 2022



Constructed: Intersection of Old Arcata Road and Jacoby Creek Road



Intersection of Old Arcata Road and Jacoby Creek Road



Intersection of Old Arcata Road and Jacoby Creek Road





PAVEMENT AREA

0.42
Square Miles

CENTERLINE MILES

63.96

LANE MILES

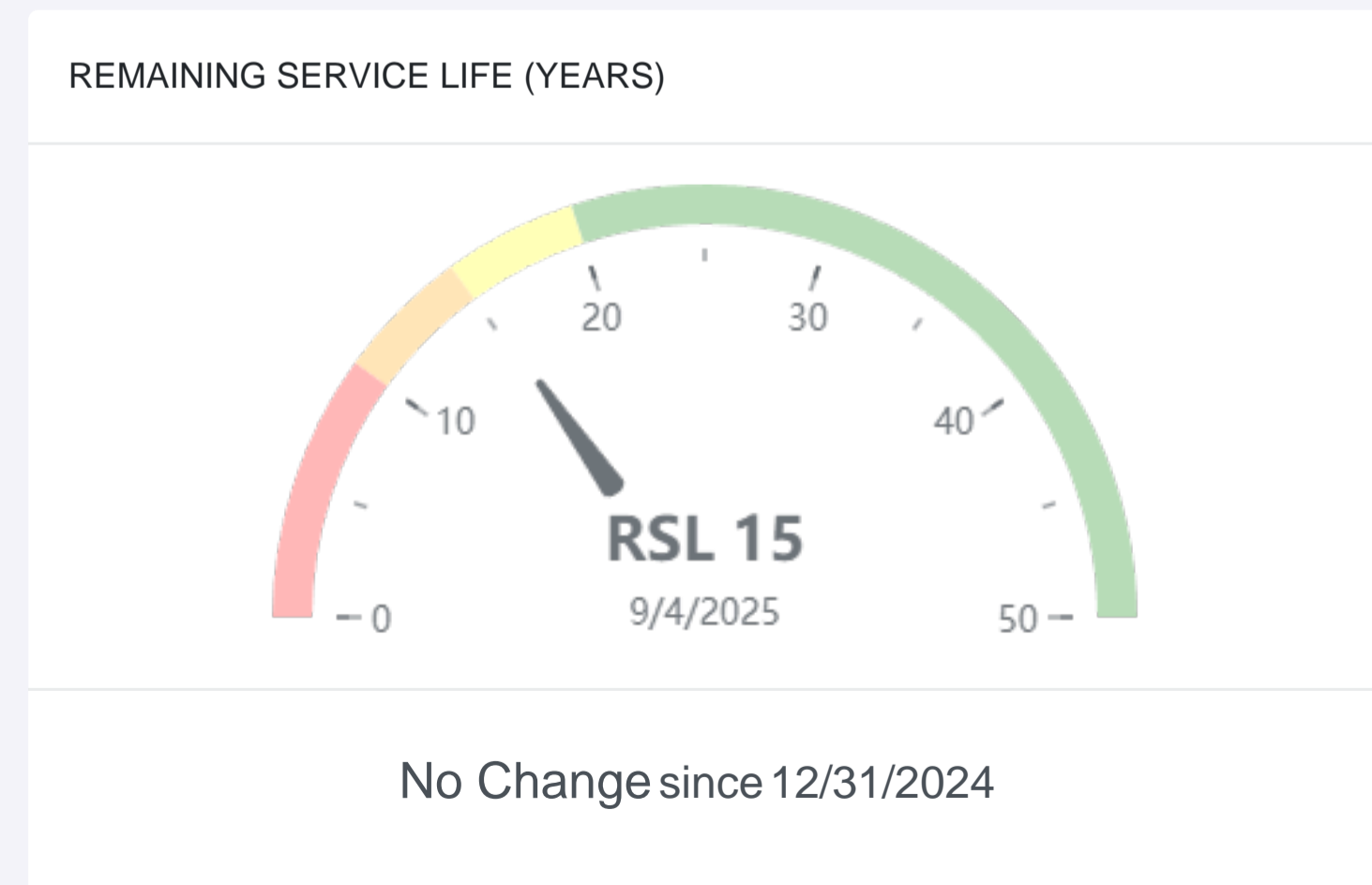
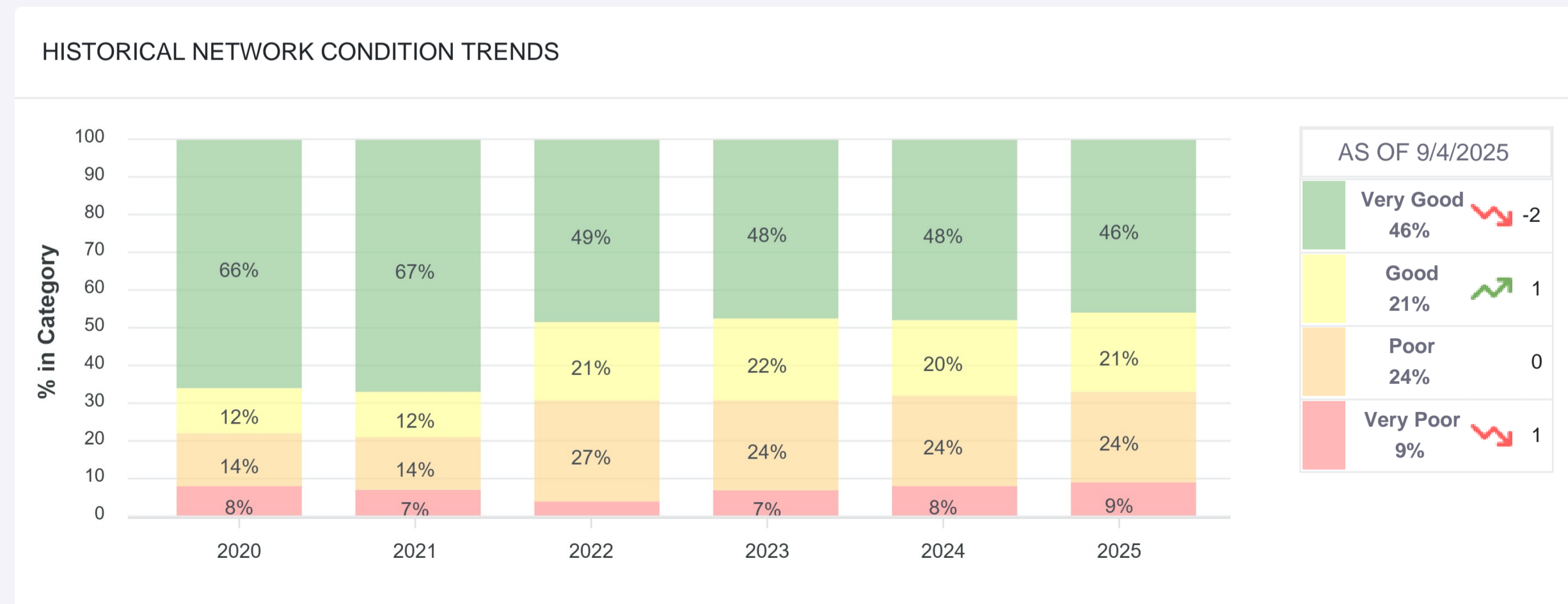
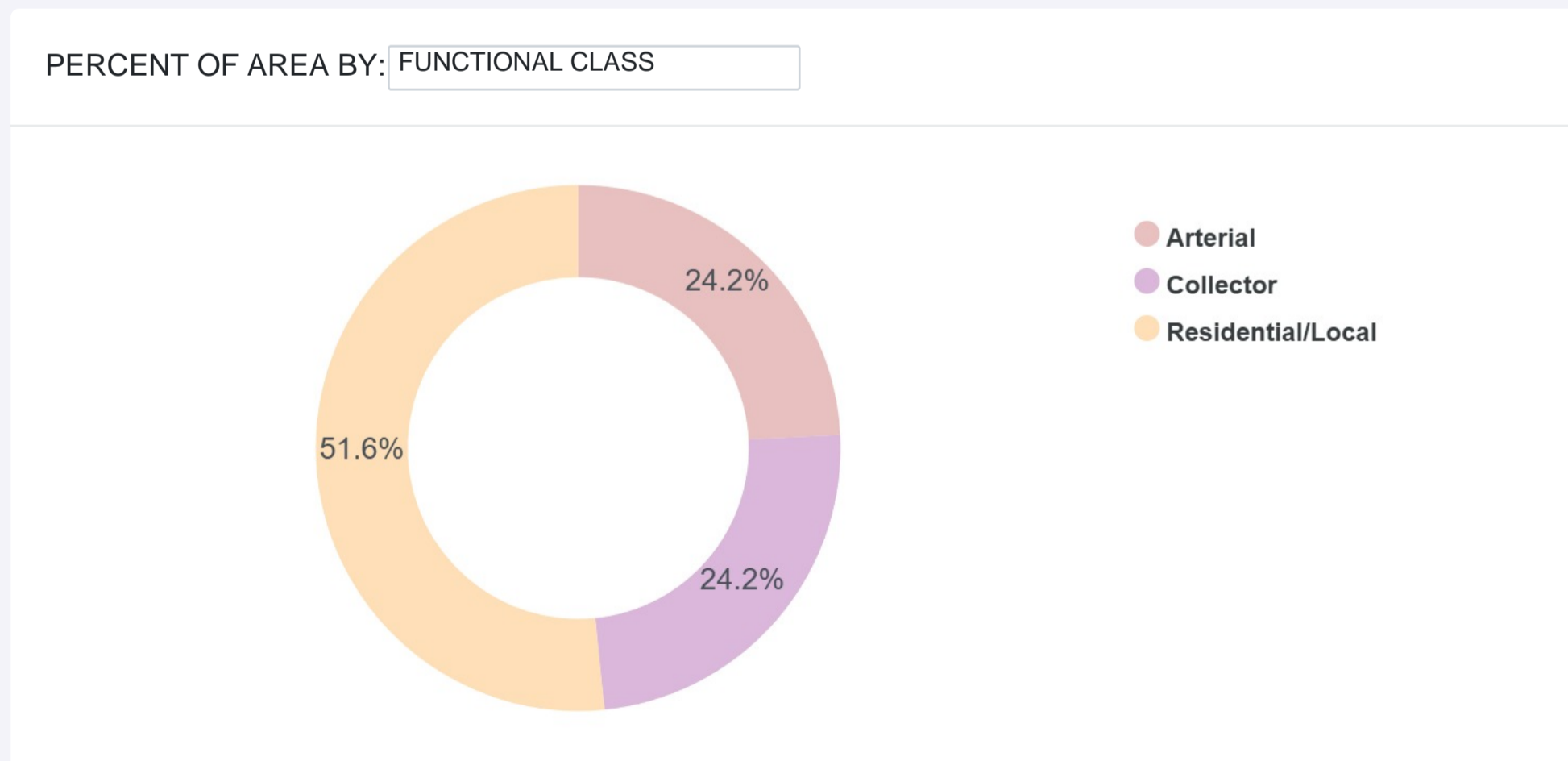
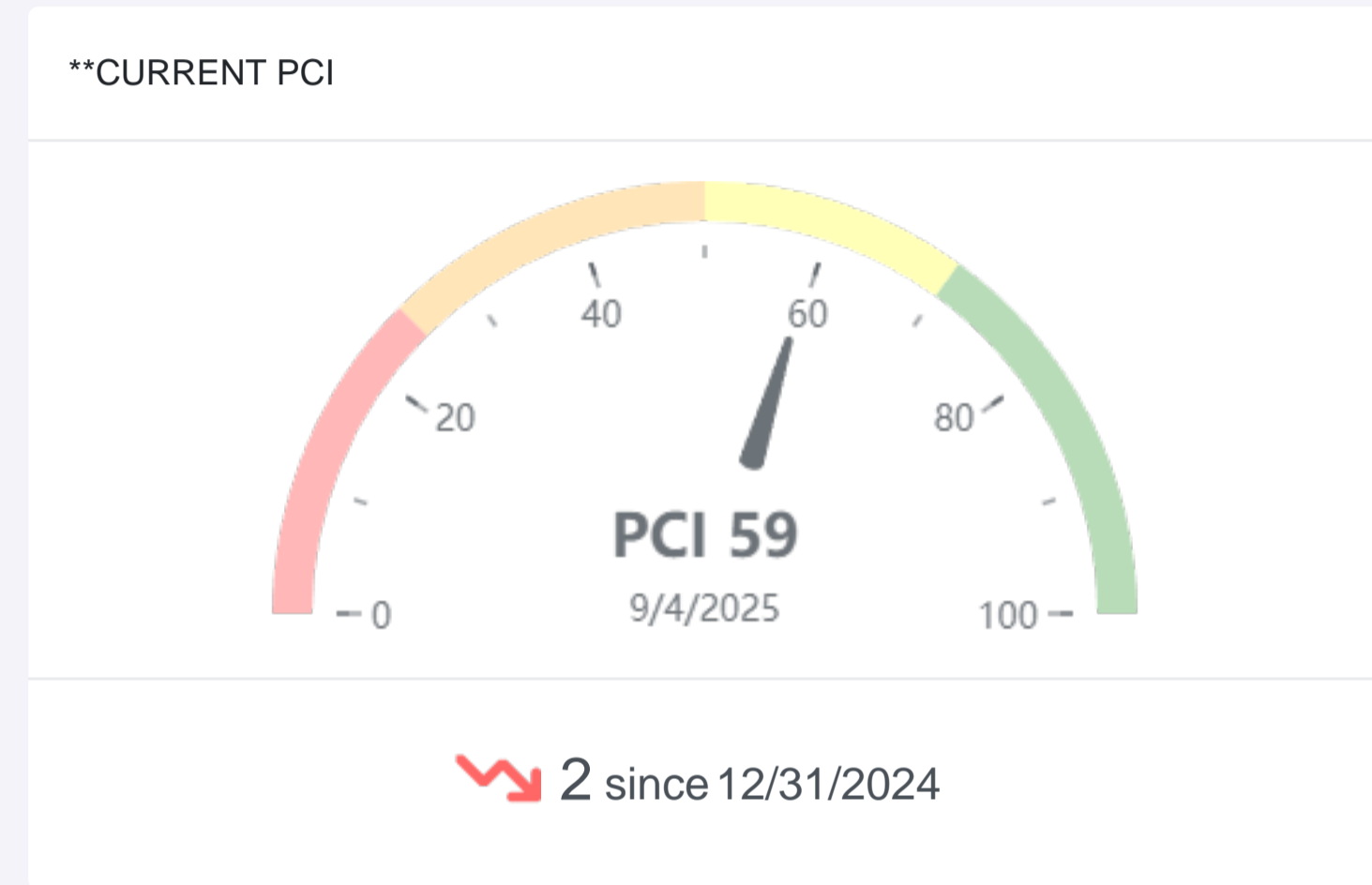
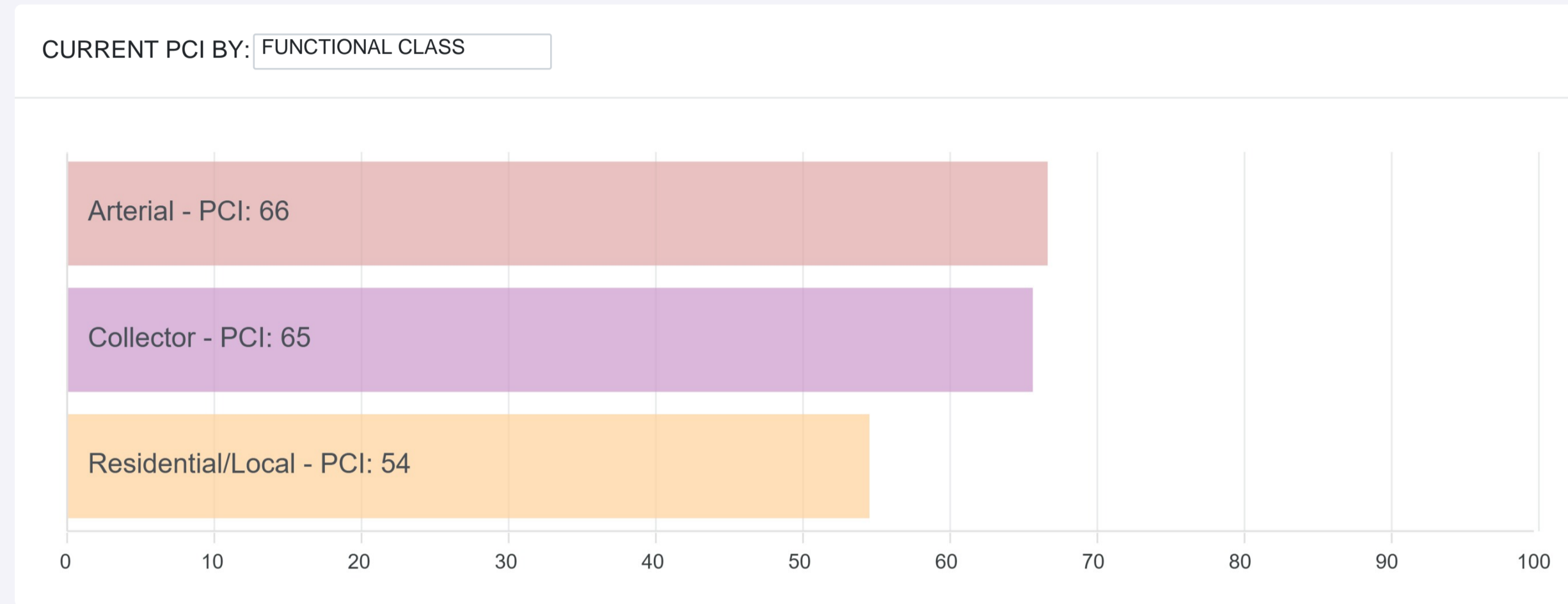
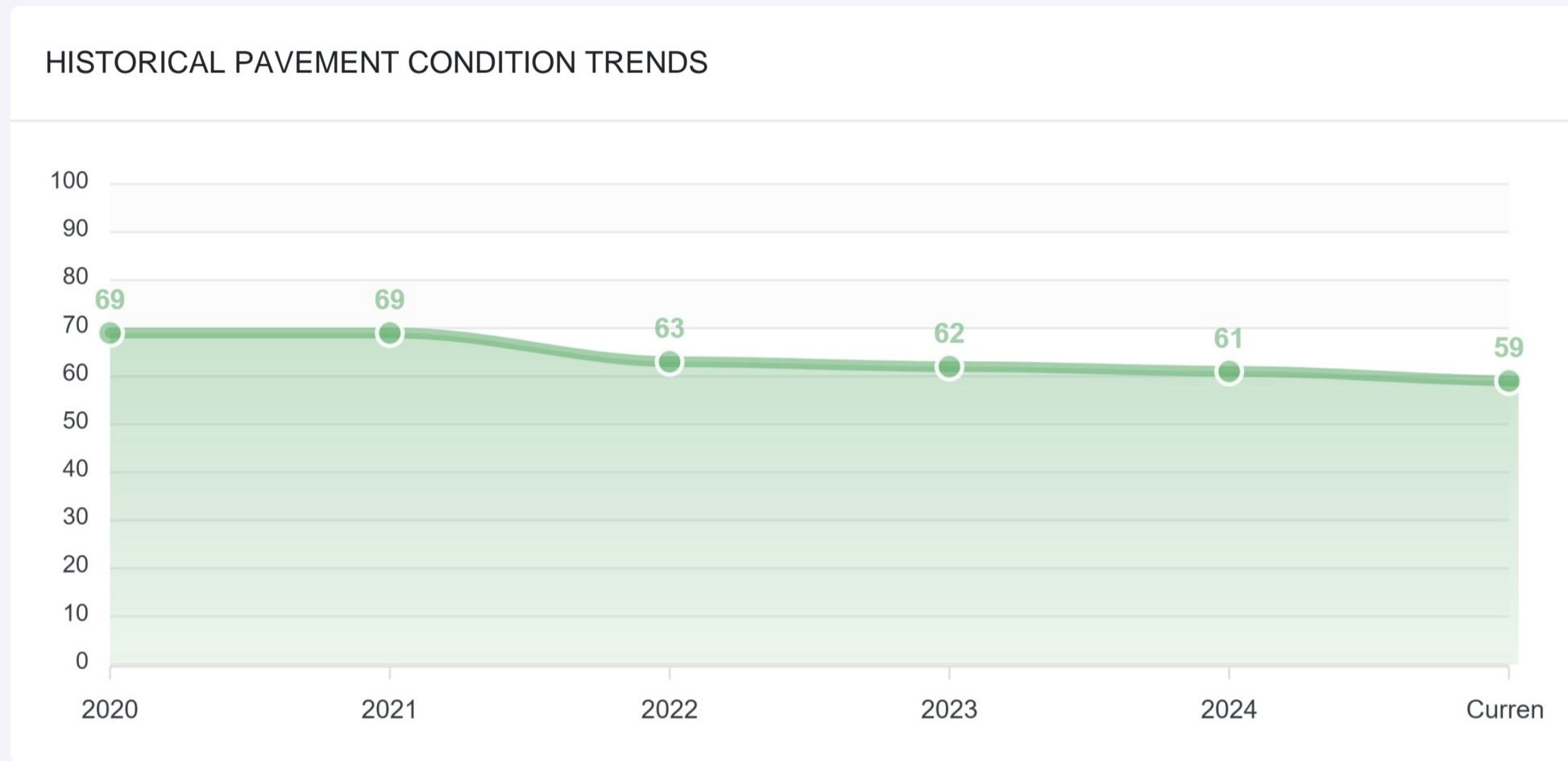
128.21

SECTIONS

461

***PEER COMPARISON** AS OF: 7/31/2025

53 **38%**
Similar size agency PCI Your percentile rank



*Based on the closest peers in your geographic location with a comparable number of Sections. **For display purposes only, Current PCI graph shows Condition Category colors based on default PCI Breakpoint values of 70, 50 and 25. Please Note: Historical PCI values are calculated as of 12/31 of the year shown.