



CITY OF FORTUNA - MEMORANDUM

TO: Honorable Mayor and City Council Members

FROM: Measure E Oversight Committee

SUBJECT: Annual Report to the City Council

DATE: February 2, 2026

Introduction

Measure “E” is a 3/4% sales tax measure that was approved by the voters of the City of Fortuna on November 8, 2016. Measure E was set to terminate on March 31st, 2025. However, on November 3, 2020 the voters of the City approved Measure “G”. Measure G extended Measure E 8 additional years. Measure E is now set to terminate on March 31st, 2033.

Measure E is a general tax. The City is committed to primarily using these general tax dollars to protect and maintain essential City services, including increasing and restoring police officers and programs, repairing aging/deteriorating streets and potholes, parks maintenance, and programs for youth and seniors. The Measure E committee was set up by the City Council in order to assist the Council in taking public input and review staff recommendations on the expenditure of funds derived from Measure E.

The primary duties of the Measure E Oversight Committee are as follows:

- a. Review requests for funding from City departments.
- b. Conduct public hearings to examine the requests and weigh the value of the various proposals.
- c. Make recommendations based on the proposals received, for the expenditures that should be funded given the projected amount of revenue to be derived from the local sales tax to the City Council for inclusion in the annual budget.
- d. Become familiar with current and projected City revenues and expenditures.
- e. First meeting of every calendar year, provide a forum for public expression of desires regarding expenditure of funds derived from the local sales tax.

Committee Members

The City Council made the appointments to the committee with staggered terms as follows:

- a. Two (2) members at two (2) years
- b. Three (3) members at three (3) years
- c. Two (2) members at four (4) years

Members serve at the pleasure of the City Council. There are no restrictions on reappointment of members for successive terms. Currently, the Measure E Oversight Committee is composed of the following seven members:

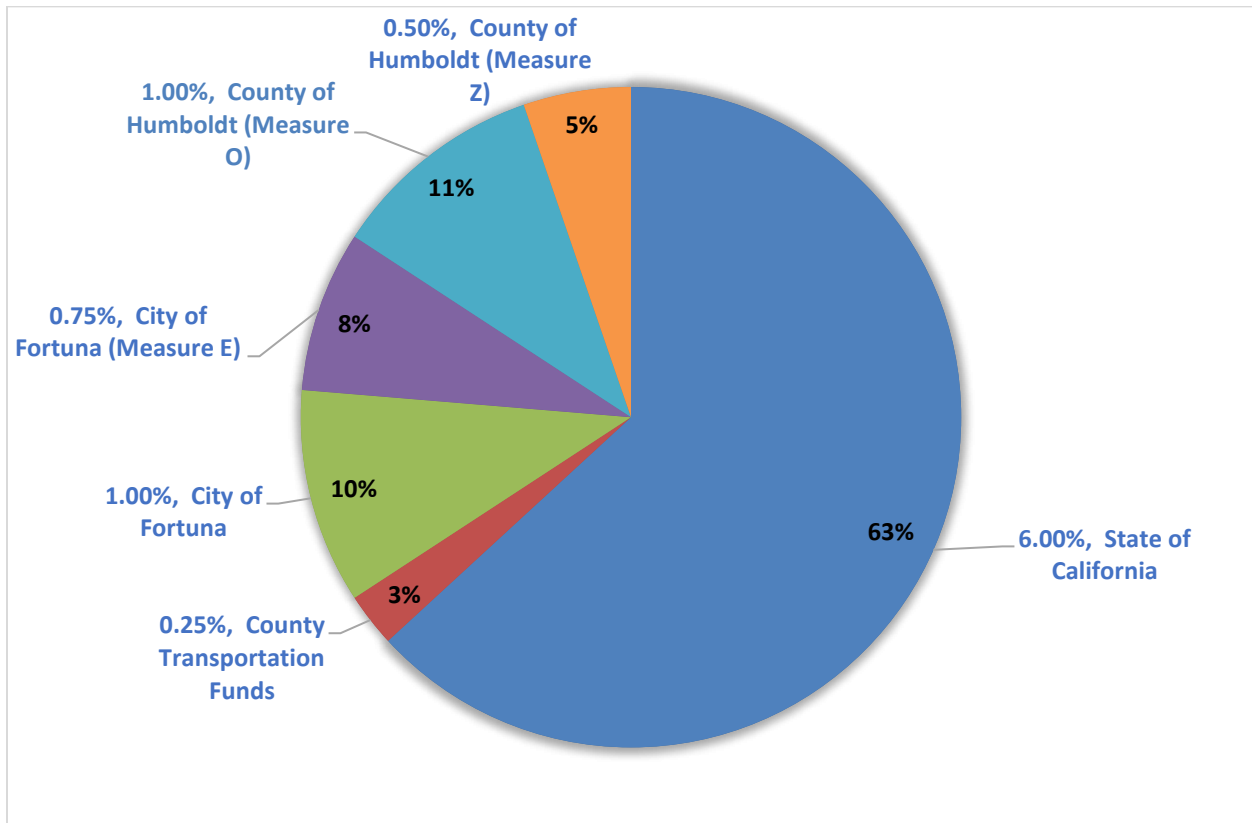
	<u>Term Expires</u>
Sue Long, Chair	12/31/28
Donald Ingram	12/31/28
Danette Demello	12/31/29
Martin Morris	12/31/27
Kris Kitna	12/31/29
Tina Taylor	12/31/27
Vacant	12/31/2X
Staff Liaison: Aaron Felmlee, Finance Director	

The Committee holds regular meetings on the second Wednesday in January, April, and October and the third Wednesday in April. Meetings commence at 5:30 pm as agreed upon by the committee. Special meetings are held as needed.

Transactions & Use Tax (Measure E) Revenue

The sales tax rate in the City of Fortuna is 9.50 percent. Of this amount, the State receives 6.00 percent, the County Transportation Fund receives 0.25 percent, the County receives 1.50 percent (with the passage of the County’s Measure “Z” and “O”) and the City of Fortuna receives 1.0 percent (Bradley-Burns). The City’s Measure E transaction and use tax adds another 0.75 percent, which brings the total sales tax rate to 9.50 percent.

Graph 1: Sales Tax Rate Distribution Comparison



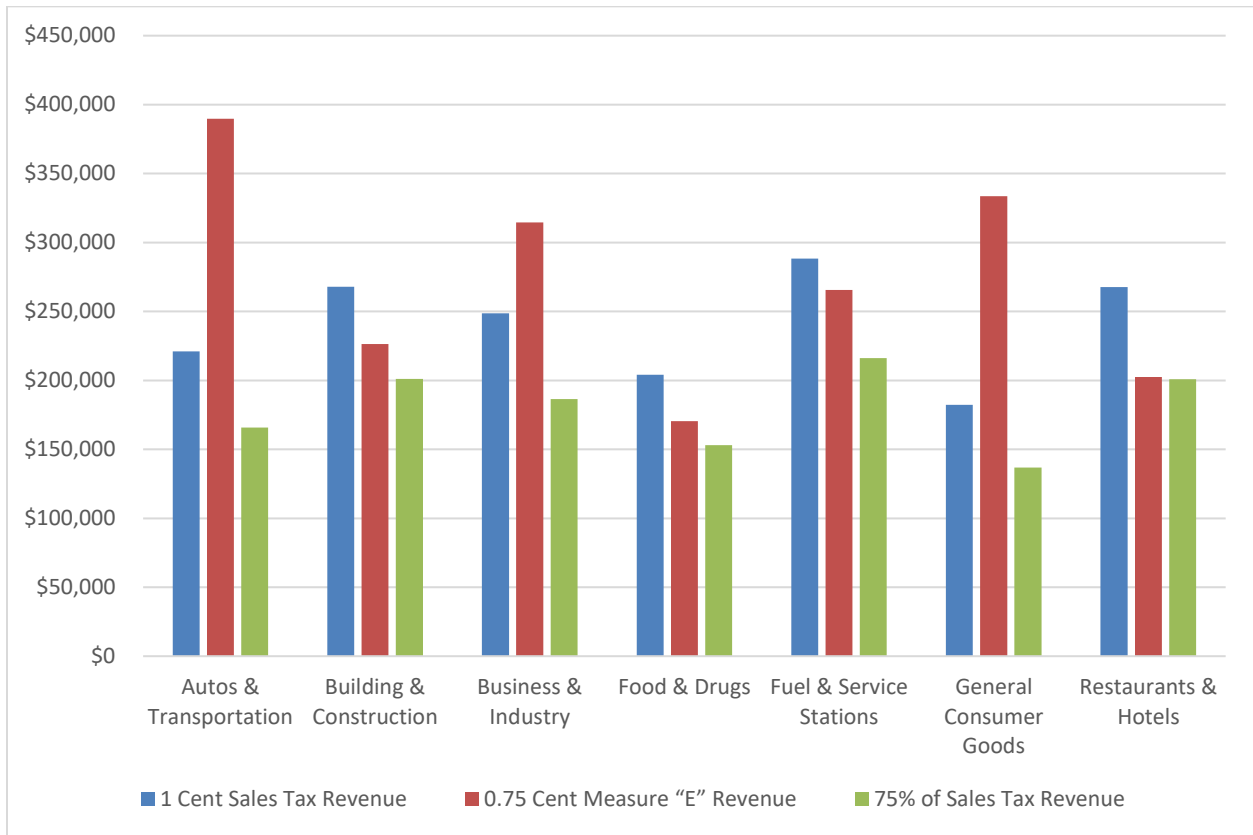
During fiscal year (FY) 2024-25, the City of Fortuna received \$1,916,924 (net of administration costs of \$8,350) from the City’s transactions and use tax. This represents receipts received for the period of July 2024 through June 2025. These revenues represent approximately 20 percent of the City’s total general fund revenue.

The following data summarizes and compares the revenue generated by Measure E (0.75%) transaction and use tax to the Bradley Burns (1.00%) sales tax by business type for fiscal year 2024-25.

Table 1: Tax Revenue by Business Type

	<u>1 Cent Sales Tax Revenue</u>	<u>0.75 Cent Measure “E” Revenue</u>	<u>Measure “E” Compared to Sales Tax Revenue</u>		
			<u>75% of Sales Tax Revenue</u>	<u>Favorable (Unfavorable) Variance</u>	<u>Ratio of Measure "E" to Sales Tax</u>
Autos & Transportation	\$220,961	\$389,720	\$165,721	\$223,999	176.4%
Building & Construction	267,995	226,467	200,996	25,471	84.5%
Business & Industry	248,682	314,445	186,512	127,934	126.4%
Food & Drugs	204,206	170,442	153,155	17,288	83.5%
Fuel & Service Stations	288,267	265,652	216,200	49,452	92.2%
General Consumer Goods	182,319	333,487	136,739	196,748	182.9%
Restaurants & Hotels	267,648	202,397	200,736	1,661	75.6%
Transfers & Unidentified	2,028	22,664	1,521	21,143	1117.6%
Gross Revenue	<u>1,682,106</u>	<u>1,925,274</u>	<u>1,261,580</u>	<u>663,695</u>	<u>114.5%</u>
County/State Pool	475,925				
State Board of Equalization Admin Fees	<u>(15,677)</u>	<u>(8,350)</u>			
Net Revenue	<u>2,142,354</u>	<u>1,916,924</u>			

Graph 2: Comparison of Transactions and Use Tax as Percentage of Sales Tax

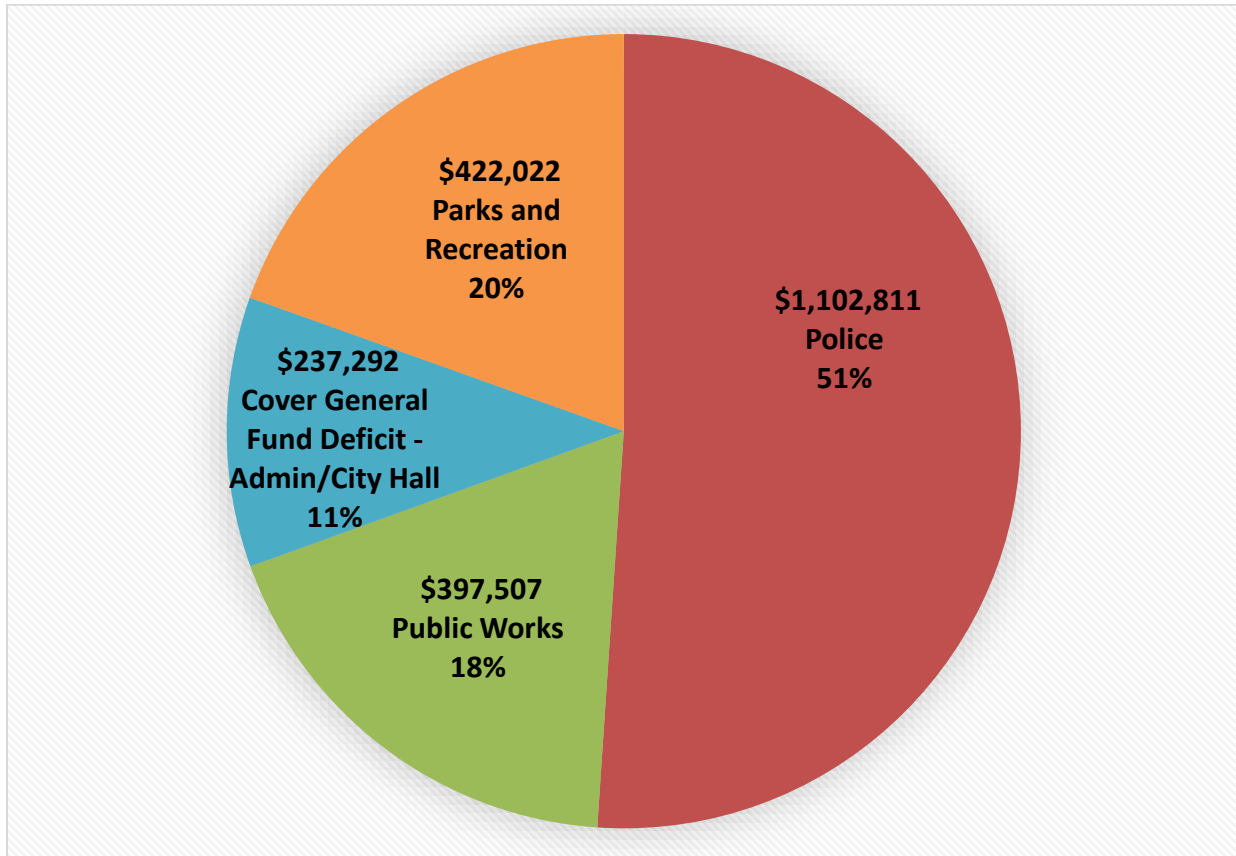


The Transactions and Use Tax (Measure E) rate is 75 percent of the City’s portion of the sales tax rate (1% Bradley Burns). Due to this, one would expect the percentage of Transactions and Use Tax revenue to sales tax revenue to be 75 percent. However, for fiscal year 2024-25, the City’s Transactions and Use Tax generated approximately 115 percent of the revenue received from sales tax before other adjustments.

This occurs 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 like general sales tax (aka Bradley Burns) is. This means that 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 on business and industry items that are brought into the district from outside (online) suppliers.

Fiscal Year 2024-25 Expenditures

Graph 3: Expenditures by Department



As stated before the City committed to primarily using Measure E general tax dollars to protect and maintain essential City services, including increasing and restoring police officers and programs, repairing aging/deteriorating streets and potholes, parks maintenance, and programs for youth and seniors. The above chart demonstrates the use of Measure E monies by department. The Police Department accounted for 51% of expenditures, Public Works 18%, Parks and Recreation 20%, and the remaining 11% going to Administrative/City Hall general fund deficit expenses, for covering the structural General Fund deficit that existed prior to Measure E passing in 2016. The breakdown of the deficit by department was \$430,435 to the Police Department, \$34,018 to Public Works, \$99,075 to Parks and Recreation, and \$237,292 to Admin/City Hall. Funds that went to the General Fund reserves that were not needed to cover the General Fund deficit will be expended in future fiscal years. Below are individual department reports on the funds derived from Measure E and expended in FY 2024-25.

Public Works Expenditures

Street Maintenance Projects

The City budgeted \$75,000 towards street maintenance projects from Measure E and spent \$112,703. The overage was due to a failing storm drain that required road repairs. The overage was taken from storm drain maintenance funding. Using this funding, the City completed the following paving and striping improvements:

- Roadway and striping rehabilitation on Newburg Road
- Bank and paving rehabilitation on South Loop Road

Storm Drain Maintenance Projects

The City budgeted \$295,000 budgeted for storm drain repairs and maintenance and spent \$250,786. Funds expended during the fiscal year were used to address multiple smaller storm drain maintenance projects, including engineering costs. The largest expenditure was the storm drain lining project at \$194,865.

Boom Mower

The City budgeted \$37,500 for the purchase of a new boom mower for the Public Works Department but was unable to procure it during the fiscal year. The funds have been rolled over into the next fiscal year. The City's existing boom mower is aging and requires frequent repairs. In addition, the equipment is approaching the end of its useful life due to California Air Resources Control Board (CARB) emissions requirements.

Parks and Recreation Expenditures

Parks & Recreation Director Position

The City budgeted \$110,932 for the Parks & Recreation Director position and spent \$130,019. This position came in over budget due to turnover in the position. This position develops and directs the department's five divisions: Parks Maintenance, Recreation, Transit, River Lodge, and the Depot Museum. In addition to supervising the division heads for Park Maintenance, Recreation, River Lodge, and the Depot Musuem, this position also acts as the direct supervisor of the 6-staff Transit team and the department's Administrative Assistant II.

Recreation Program Supervisor Position

The City budgeted \$71,932 for the Recreation Programs Supervisor position and spent \$68,197. This position develops and facilitates all the City's Recreation programs, City-hosted community events, and management and supervision of all recreational staff.

Provide Transit to Eureka for Medical Appointments

The City budgeted \$10,000 for the Fortuna Transit's weekly Eureka trips for medical appointments and spent \$9,643. The trip accommodates up to 6 riders every Tuesday. Measure E funds supported the trips' cost of fuel, vehicle maintenance, and staff hours.

Newburg Park Acquisition Improvements

The City budgeted \$850,000 for the Newburg Park Acquisition Improvements project and spent \$3,143. The concept design involves the installation of two new regulation size soccer fields, a new parking lot, a new snack shack, and bathrooms on the vacant parcel adjacent to Newburg Park which the City acquired in 2022. Measure E funding for this year went towards engineering design for the improvements.

General Park Acquisition and Improvements

The City budgeted \$60,000 for General Park Acquisition and Improvement and spent \$23,249 of the allocated funds for professional grant application services. Grants were pursued through the Land and Water Conservation Fund (LCWF) for the acquisition of parcels on Vancil Street and Riverwalk Drive on the City's behalf. The City is currently working through these grants with the granting agencies, and the City is optimistic that both will be fully funded by the granting agency.

Newburg Park Field Screening

The City budgeted \$20,000 for Newburg Park Field Screening and \$20,625 was utilized for the installation of protective screening at Newburg Park. The screen was installed to prevent/reduce foul balls from impacting the playground area.

Light Weight Mower

The City budgeted \$10,000 for a light weight mower and \$25,346 was utilized for the purchase of a Toro 6000 Series Z Master Zero-Turn Mower with a 72" deck and high-capacity bagging system. The overage was taken from the General Park Acquisition and Improvements funding. Due to the mower's light weight, the Parks Maintenance Team can mow and bag sooner after wet weather as it poses less risk of damaging

the turf compared to the remainder of the fleet. With shorter grass, fields dry sooner. Therefore, fields can be deemed “open” to the public sooner.

RCRPD Benefit Assessment Project

The City budgeted \$50,000 for the Rohner Community Recreation and Park District (RCRPD) and spent \$42,725. RCRPD has very limited annual funding, so the City assisted them with Measure E funds to pursue their general mission of planning for a future aquatic center in Fortuna. Measure E funding was allocated to the district to assist with the planning and consultation services (engineer’s report, calculations, ballot proceedings, etc.) related to the Benefit Assessment.

Police Department Expenditures

Police Detectives

The City budgeted \$418,872 for two full-time police Detectives and spent \$376,512. These positions continue to provide much needed additional services to the Fortuna Police Department and our community. Detectives are a valuable resource, allowing focused investigations and the ability to proactively address major crimes and circumstances which negatively affect our community. The following are just a few examples of the impact the Detectives have had on addressing crime in our community during FY 2024-25.

- Detectives handled 1,481 incidents, 944 of which were self-initiated and 537 were calls for service.
- Detectives conducted 189 investigations, not including the countless investigations they assisted patrol officers with.
- Detectives investigated multiple child molestation and sexual assault cases, which resulted in arrests and convictions.
- Detectives working with allied agencies served a search warrant and arrested a local resident for child pornography crimes.
- Detectives were very proactive in locating numerous suspects at large.
- Detectives investigated a robbery at a local business, solving the case, identifying and arresting the suspect.
- Detectives executed or served multiple search warrants and investigations involving the possession and sales of narcotics, recovery of stolen property, and possession of firearms.
- Detectives assisted local partner/allied agencies throughout the county with officer involved shooting and homicide investigations, as well as arrests of wanted subjects.

Community Service Officer

The City budgeted \$97,017 for one full-time Community Service Officer and spent \$99,296. The overage is due to unanticipated additional overtime. The Community Service Officer handles lower-level misdemeanor type crimes, parking complaints/violations and animal control issues, freeing up our sworn officer staff to focus on more serious violations. The Community Service Officer is a non-sworn position and is assigned to handle property and evidence. During FY 2024-25 the full-time Community Service Officer handled 647 calls for service, in addition to parking enforcement, training a part-time Community Service Officer, property/evidence duties and animal duties such as licensing, kennel care and veterinary appointments. Having this non-sworn position is vital to the department.

Records Clerk

The City budgeted \$73,587 for one full-time Records Clerk and spent \$68,887. The Records Clerk is the initial point of contact for all walk in services and reports, the initial contact for many in moments of crisis. The Records Clerk assisted in processing police incidents, reports, body worn camera footage and much more for release and routing to allied agencies such as the District Attorney’s Office. The department handled 15,298 incidents and 1,315 investigations in FY 2024-25. The Records Clerk assists with over 644 livescans per year and many additional administrative assignments and projects. Having this non-sworn position with the required training to complete the aforementioned duties and assignments is a pivotal part of ensuring investigations are properly processed for prosecution.

Code Compliance Officer and Site Cleanups

The City budgeted \$34,840 for a part-time Code Compliance Officer and related site cleanups. The total spent on these activities was \$25,446. The Code Compliance Officer position addressed property abatement, municipal code violations and other criminal and quality of life issues. Properties requiring abatement sometimes have associated criminal activity ranging from illicit drug crimes to violent crime. Addressing the abatement issues and municipal code violations resulted in the elimination and/or reduction of criminal activity associated with these properties. In FY 2024-25 code enforcement has worked many investigations and made a profound impact on our community.

The following are a few highlights:

- The Code Compliance Officer handled 187 incidents, 130 of which were self-initiated and 57 were calls for service during FY 2024-25.
- The Code Compliance Officer handled 5 formal investigations/cases. 1 investigation is ongoing and the remaining were resolved with voluntary compliance.
- The Code Compliance Officer has established positive and effective working relationships with a multitude of departments and agencies throughout the county that have greatly aided in the successful and expeditious abatement of blighted properties in violations of local codes and laws.
- Approximately 50 properties with existing fire hazards were addressed and neutralized, the majority of these abatement processes were accomplished through self-initiated / proactive contacts. Of these properties approximately 90% were resolved with the initial notice and the rest were resolved with additional follow-up from the Code Compliance Officer. Thanks to the efforts of the Code Compliance Officer no city staff was involved in cutting back fire hazards on private property.
- The Code Compliance Officer is trained in addressing abandoned vehicles on our roadways and has taken a proactive approach in addressing abandoned vehicles.

K-9 Program

The City budgeted \$34,000 for the operations associated with the department's K-9 program and spent \$9,540. The department has K-9 Cain and K-9 Blitz. Both department K-9 teams have attended advanced training courses and are certified in patrol, apprehension works and narcotics detection. The K-9 teams have also attended courses in rural tracking, electronic collar function, stabilized tactical airborne body operations and they have ongoing maintenance training. In FY 2024-25 Measure E has continued to fund the routine monthly maintenance training associated with department K-9's (Approx. 300+ hours of maintenance training).

The K-9 program provides an important element to crime deterrence and a significant de-escalation tool. The Fortuna Police Department's K-9 program is a vital department resource and is deployed and used for special enforcement operations all over the region in Humboldt County. The department's K-9 teams also provide an important community-policing tool and contribute to promoting a positive feeling of approachability toward department personnel by community members.

During FY 2024-25, department K-9 teams attended a significant number of public events which sparked community interest, and which provided platforms of opportunity to socialize and visit with children and families in attendance. Examples include but are not limited to:

- School visits
- First Fridays
- Rodeo week and other large events in the city

During FY 2024-25, department K-9 teams have participated in numerous narcotic detection deployments, as well as patrol deployments. Some of the deployment highlights include:

- 66 deployments with 62 of them being detection deployments and 4 of them being patrol deployments. These deployments resulted in the apprehension of suspects, illegal substances and weapons.
- The following is a highlight of some of illegal narcotics seized.

- Over 6 pounds of methamphetamine
- Over 2 pounds of cocaine
- Over 1 ½ pounds of fentanyl
- A small amount of heroin and MDMA
- K-9 teams assisting the Humboldt County Drug Task Force in seizing illegal narcotics.
- Throughout the year K-9 teams had multiple non bite surrenders and apprehensions, successfully resolving many high risk situations.

The Fortuna Police have continued to fundraise and have received financial support in the form of contributions from both public and private donors to augment the Measure E program funding. This support is reflective of the significant value the community places on this program.

Replace Expired Bullet Proof Vests

The City budgeted \$10,000 for the replacement of expired bullet proof vests and spent \$12,810. The overage was taken from the Police Officer detective positions budget. The department was able to replace 9 vests with this funding.

Police Facility Project

The City budgeted \$40,000 for the completion of the Police Facility project and spent \$67,410. The overage was taken from the Police Officer detectives positions budget.

Encampment Outreach and Cleanup Services

The City budgeted \$15,000 for illegal camp cleanup and spent \$12,475 which was primarily used to support services provided by People of New Directions to address illegal encampments throughout the City. Through these efforts, People of New Directions removed 33,680 pounds (16.84 tons) of debris.

Committee Recommendation of Future Measure E Fund Expenditures

Below are items the committee would like to recognize for the Council:

1. The ongoing Measure E Fund Support of streets will optimistically rise in coming years.
2. Police Department funded positions will be funded throughout the term of Measure E.
3. The committee is dedicated to utilizing reserves in excess of the reserve policy built up from unspent monies generated from Measure E to go towards large one time projects such as the Newburg Park acquisition improvements project in the coming fiscal years.

Conclusion

In light of the continuing adverse economic conditions and instability at the state level, the funds derived from Measure E have had a significant and positive effect on the financial stability of the City. The City receives almost the same amount of revenue from Measure E as it does from the General Sales Tax allocation. Without Measure E the City and public would be exposed to much greater risk City wide. Three additional police staff help protect and serve both public members and public property, storm drain funds help mitigate the risk of far greater catastrophes occurring by keeping up on maintenance and grant match funds help the City take on projects that would otherwise be unattainable with local City revenues.