



STAFF REPORT – BUDGET STUDY SESSION

TO: Honorable Mayor and City Council Members

FROM: Tabatha Miller, Assistant City Manager/Finance Director

PREPARER: Tabatha Miller, Assistant City Manager/Finance Director

DATE: April 29, 2026

TITLE: **Review the Transactions and Use Tax Oversight Committee (TUTOC)
Recommended Fiscal Year (FY) 2026-27 Supplemental Measure H Budget
Requests.**

RECOMMENDATION:

It is recommended that the Council receive the staff report; review the recommendations from the Transactions and Use Tax Committee (TUTOC) for approval of FY 2026-27 supplemental budget requests for Measure H funding; and provide staff direction as appropriate.

INTRODUCTION:

TUTOC met on April 14, 2026, to review the supplemental budget requests for Measure H funding. Attached is a summary list of the department requests and the Committee's recommendations for funding in FY 2026-27.

BACKGROUND:

On March 5, 2025, the Arcata City Council directed TUTOC to provide financial oversight of the .75% Transactions and Use Tax, which was approved by voters on November 5, 2024, also known as Measure H. The measure received 5,277 votes in favor of the tax increase and 2,818 votes opposed to the measure. The general tax, which required a majority or 50% +1 "YES" votes, was approved with just over 65% of the vote cast. Measure H became effective on April 1, 2025.

At the September 11, 2025, TUTOC meeting, Committee Members discussed the oversight role of TUTOC. The conversation considered the role of TUTOC, the appropriate level review and when TUTOC should weigh in on proposed projects or requests for budget funds. One key aspect of that role focused on how budget requests should be categorized so that they can be related back to the uses of funds outlined in the ballot language.

The Committee agreed and provided direction to staff to create a proposed matrix or set of buckets that reflected the Measure H ballot language but incorporated other priorities highlighted in the Argument in Favor of Measure H, which was printed in the Humboldt County Voter Information Guide and in the informational flyer sent to all residential addresses in Arcata.

DISCUSSION:

At its December 11, 2025, meeting, TUTOC Committee Members established the following process for tracking and reviewing Measure H expenditures:

1. Submission of Funding Requests

Funding requests may be proposed by staff, other committees, the City Council, and potentially by members of the public.

2. Staff Determination of Funding Options

Staff will evaluate each request to determine appropriate funding sources, including whether Measure H is an eligible option.

3. Staff Review and Matrix Assignment

Staff will review each request, determine its purpose, and assign it to the appropriate Measure H Matrix category (see below). When appropriate, costs may be split across multiple matrix categories.

4. TUTOC Review

TUTOC will review staff recommendations for Measure H funding to assess:

- Alignment with Matrix categories
- Whether the request is one-time or ongoing
- The proportional allocation of ongoing funds in each Matrix category

5. Recommendations to City Council

TUTOC will provide recommendations to the City Council regarding Measure H funding for the upcoming budget year.

6. Review Measure H Expenditures

TUTOC will review prior year expenditures for consistency with Measure H.

To track the type of expenditures and how those relate to the original Measure H Ballot language, TUTOC established the following matrix:

PROPOSED MEASURE H MATRIX

Category of Expenditure	
A.	<u>Emergency & climate change response</u> , such as electrification of the municipal vehicle and equipment fleet, and climate adaptation and mitigation
B.	Services addressing <u>homelessness</u> and its impacts
C.	<u>Alternative police response</u> , including Juvenile Diversion, Community Ambassadors and mental health response to those in crisis
D.	Maintain and improve <u>sidewalks, shared use paths, bike lanes, roads, transit,</u> and other transportation needs
E.	Maintain and improve <u>parks, trails and other recreation facilities</u>
F.	Other <u>essential services</u> (<i>absolutely necessary and extremely important</i>)

RECOMMENDED COUNCIL ACTION:

It is recommended that the Council receive the staff report; review the recommendations from TUTOC for approval of FY 2026-27 supplemental budget requests for Measure H funding; and provide staff direction as appropriate.

ATTACHMENTS:

- A. Summary of Measure H Requests**
- B. Measure H Requests and Recommendations by Category**