

## RESOLUTION NO. 4129-2018

### 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<sup>th</sup>) 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 liability<sup>1</sup>, over fifteen (15) years instead of thirty (30) years, thereby saving the City an estimated \$4.1 million in interest costs<sup>2</sup>; 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<sup>th</sup> 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.

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

<sup>2</sup> Ibid.

**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.

**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 Lee, seconded by Councilmember Cimolino, 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:** Councilmembers Cimolino, Lee, Norvell, Turner and Mayor Peters.  
**NOES:** None.  
**ABSENT:** None.  
**ABSTAIN:** None.  
**RECUSED:** None.



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**LINDY PETERS**  
Mayor

**ATTEST:**



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June Lemos, CMC  
City Clerk