



---

### STAFF REPORT

**TO:** THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**MEETING DATE:** MAY 20, 2024  
**FROM:** TOM DUBOIS, CITY MANAGER  
**SUBJECT:** Local Transaction and Use Tax Update and Direction to Prepare a Resolution and Ordinance  
**TYPE:** Information Report

---

#### RECOMMENDATION:

Staff recommends that Council review this information report and provide any additional comments at this time. Council will be asked to approve the final ballot measure and resolution based on this final review.

#### BACKGROUND:

Council has had multiple updates from staff over the last six months on the options for increasing revenue to fund necessary city services. The long-range financial forecast for the city was presented over two council meetings highlighting our funding needs, particularly for capital improvements. We have looked at funding needs for local streets, infrastructure, public safety, economic development, and other uses. Council has had presentations on the pros and cons of various funding options including a business tax, a local transaction and use tax (sales tax), and utility use tax, as well as requirements for a general vs specific tax. Under council direction, staff has surveyed the community and presented those results which showed a high level of satisfaction with the quality of life in Sutter Creek and recognition of the need to fund local streets, public safety, and infrastructure. Residents recognized the benefit of having funds that will stay local in the community and enable us to get grants with matching funds. Council directed that staff move forward with a TUT tax at the rate of 1.5 cents per dollar as a general tax on a 4-1 vote at the April 15, 2024 meeting. Staff is returning tonight with an update to confirm all details before bring the item to be placed on the ballot for the November 5, 2024 general election.

#### Discussions include:

Nov 20, 2023 Council Meeting Self Help Tax Initiative  
<https://www.cityofsuttercreek.org/media/7721>

Jan 16, 2024 Council Meeting Community Survey and Budget Priorities  
<https://www.cityofsuttercreek.org/media/8046>

Feb 5, 2024 Council Meeting Long Range Financial Forecast Pt 1  
<https://www.cityofsuttercreek.org/media/8126>

Mar 4, 2024 Council Meeting Long Range Financial Forecast Pt 2  
<https://www.cityofsuttercreek.org/media/8411>

April 15, 2024 Council Meeting TUT Tax and Survey Results  
<https://www.cityofsuttercreek.org/media/8691>

**DISCUSSION:**

We have discussed various options and Council has indicated support for a general tax which will require a vote of 50% plus one to pass.

Staff is in the process of preparing information for residents to explain the transaction and use tax. Information will be available on the web site, social media, in a mailer and will include frequently asked questions to help explain what it is. The city will do one informational mailing to registered voters in May. Each mailing will cost about \$3500.

Messaging is focusing on having local funding that will stay with Sutter Creek for essential services such as repairing roads, potholes and storm drains; maintaining rapid emergency response/ police patrols; preventing wildfires; and for general government purposes. The messaging will make it clear that the tax will be paid by residents and visitors, exempting essential purchases like groceries/ prescription medicine. It will provide an estimated \$870,000 annually starting in April of 2025. The city will publish public spending disclosures and independent audits to provide transparency that the funds are only be using for these purposes.

Stakeholder outreach will focus on community leaders including current and former elected leaders, business leaders, and other organizations in Sutter Creek.

Staff is recommending that the resolution include Councils stated intentions to use the funds for these purposes. As it is a general fund tax this will be a policy that Council will need to enforce on itself in order to follow through on its commitment to the public.

Need to confirm Council member attendance at the June 3rd or June 24th meeting to approve the ballot language, resolution and impartial analysis. We have limited meetings in July and information is due with the County registrar on July 19<sup>th</sup>. Primary argument deadline is July 30<sup>th</sup>, 2024 with County and Rebuttal to Argument against is due August 12, 2024. A second mailing may be sent in June based on community feedback. After Council votes on the ballot measure in June, the city's role will be only to provide impartial information about the ballot measure.

**BUDGET IMPACT:**

It will generate approximately \$870,000 annually for general fund uses which will be used for local roadway and storm drain repair, helping us get grants for infrastructure that require matching funds, and funding police and vegetation management for reducing fire danger.