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## **TITLE**

Revenue Measure

## **RECOMMENDATION**

Adopt a Resolution authorizing a budget appropriation of \$110,000 from the General Fund Undesignated Reserve and awarding a professional services agreement to Fairbank, Maslin, Maullin, Metz & Associates (FM3) in an amount not to exceed \$60,000, and increase the professional services agreement with Tripepi Smith & Associates from \$233,000 to \$283,000 for public opinion research and community outreach and education services related to a potential ballot measure.

## **CONTACT**

Alexandra Ikeda, Deputy City Manager

## **BACKGROUND & ANALYSIS**

At the direction of the City Council, the Parks and Community Services Commission (PCS) has begun evaluating potential revenue options that could help support future large-scale civic projects, such as a community gymnasium, expanded aquatics facility, and athletic fields. These types of facilities are frequently identified by residents as community priorities but are not currently feasible within the City's existing General Fund resources.

Over the past several years, the City Council has prioritized maintaining and reinvesting in existing parks and facilities - taking care of what we already have. This approach has helped stabilize aging infrastructure and improve current service levels; however, it has limited the City's ability to advance new, large-scale capital projects.

At the same time, the community continues to grow, and with that growth comes increasing demands for parks, facilities and programs. The City is also in the process of updating the Parks and Community Services Master Plan, which staff expects to complete in June 2026.

As part of the Master Plan Update, the City recently completed an extensive community engagement process. Feedback from residents, stakeholders, and community groups consistently highlighted two parallel priorities:

1. Continued maintenance and improvement of existing parks and facilities; and

2. The desire for major civic amenities that support recreation, health, and community gathering.

While the Master Plan will establish long-term policy direction and identify community priorities, it does not create a dedicated funding source to implement new capital projects. As a result, staff has been asked to explore whether a potential revenue measure could be a viable tool to help fund future large civic investments that cannot be supported through the General Fund alone.

Consistent with this direction, the PCS has discussed potential revenue strategies on two occasions, first on November 13 and again on January 8. These discussions are part of the Commission's Fiscal Year 2025/26 Work Plan and are intended to inform a broader policy conversation with the City Council regarding long-term funding options for parks, recreation, and major civic facilities.

### **Revenue Measure Options**

To advance City Council direction and the PCS' Fiscal Year 2025/26 Work Plan, staff evaluated several commonly used local revenue tools that could support future large-scale civic projects. These revenue measures are widely utilized by cities throughout the region to fund parks, recreation, public safety, street and road repair, and community facilities that cannot be supported through the General Fund alone. The revenue measure options evaluated include:

- *Transient Occupancy Tax (TOT)*: A tax paid by visitors staying in short-term lodging within the City.
  - American Canyon TOT: 12% - currently generating \$1.9M. Each additional 1% increase would generate roughly \$158,000 per year.
  - Neighboring cities/counties impose a tax ranging from 8% to 13%, the highest in Napa County at 13%.
- *Parcel Tax*: A tax assessed on property parcels within the City, typically structured as a flat or tiered annual charge.
  - We have 5,500 parcels so each \$100 per year parcel tax would generate \$550,000 per year.
- *Sales Tax*: A tax applied to taxable retail transactions within the City.
  - American Canyon Sales Tax: 7.75% - the local share to the city is 1%.
  - Additional district tax increases can be imposed in increments of 0.125% for a combined total in a county not to exceed 2%.
  - Currently Measure U in Napa County imposes a 0.5% leaving 1.5% room for increase. For reference, each additional 0.25% city district tax will generate roughly \$750,000 per year, 1% would generate approximately \$3M per year.

If approved by the voters, revenues generated through any of these measures could be used in different ways depending on the City's financial approach and the legal structure of the measure. Revenues may be applied on a pay-as-you-go basis to fund projects over time or used to support the

issuance of bonds, allowing the City to finance larger capital projects upfront and repay debt using future revenues. These considerations would be evaluated as part of any future Council discussion should a revenue measure move forward.

### **Voter Approval Requirements**

Under California law, the voter approval threshold for local revenue measure depends on whether the tax is structured as a general tax or special tax, and how the resulting revenues may be used.

- *General Tax (50% + 1 Voter Approval):*
  - Revenues are deposited into the City's General Fund.
  - Funds may be used for any lawful municipal purpose, including parks, recreation, and capital facilities.
  - Revenues cannot be legally restricted to specific projects or departments.
  - Must be placed on the general election ballot.
- *Special Tax (Two-Thirds Voter Approval):*
  - Revenues must be used only for specific purposes identified in the ballot measure.
  - Funds are legally restricted and subjected to increased accountability.
  - May be placed on either a general or special election ballot.

The choice between a general tax and special tax has implications for voter feasibility, fiscal flexibility, and accountability. As a result, cities commonly use public opinion polling and targeted community outreach to evaluate support, test revenue measure types, and inform measure structure prior to placing a measure on the ballot.

### **Election Type & Timeline**

If the City Council elects to pursue a revenue measure, the measure may be placed on either a general election ballot or a special election ballot. General elections occur on regularly scheduled statewide election dates, such as November, and generally result in higher voter turnout and lower overall costs. Special elections are held outside the regular election cycle and are typically used for time-sensitive or discrete matters that cannot wait until the next general election; they also generally involve higher costs and lower voter participation.

Based on these considerations, staff has identified November 2026 general election as the planning timeline. To meet this, voter research must begin now, with results available by late May, allowing staff to return to the City Council by the June 16th Council meeting with a recommendation on whether to proceed with a revenue measure.

### **Polling, Measure Development, and Community Outreach**

Prior to placing any revenue measure on the ballot, best practice recommends conducting statistically valid public opinion research to assess voter support and viability. Specialized polling would allow the City to:

- Evaluate overall community support for a revenue measure.
- Test voter priorities related to parks, recreation, and civic facilities.
- Assess support for different revenue measure types.
- Inform development of the ballot title and summary.
- Identify key messaging and concerns.
- Guide targeted outreach and education efforts.

To ensure inclusivity and accuracy, polling and outreach would be conducted in both English and Spanish. Results would be used to inform Council decision-making and help determine whether advancing a ballot measure is viable and appropriate.

### **Other Considerations**

The City is aware of a separate, citizen-led initiative known as "Measure L". Measure L would pre-zone the currently unincorporated 157-acre property located at 1661 Green Island Road to include a dedication of approximately 20-acres of land for a "sports complex".

The interest in athletic sports fields reflected in Measure L is consistent with feedback the City has received through broader community outreach efforts conducted as part of the Parks and Community Services Master Plan update. However, the Master Plan does not identify the 1661 Green Island Road property as a future location for sports fields.

Of note, Measure L does not include a designated funding source for planning, construction, or long-term operations for a sports complex. Similarly, the City's exploration of a potential revenue measure does not propose funding for Measure L. Instead, it is intended to fund capital projects identified through the Parks and Community Services Master Plan.

Measure L is a potentially controversial issue. So, while there may be opportunities for alignment in the future, Measure L and the City's revenue measure exploration are separate initiatives with distinct purposes and it would be appropriate for the Council consider the pitfalls of a ballot that contained both measures. And if the Council is concerned about the controversy of Measure L, then it may consider waiting until another election before bringing forward a revenue measure and thus, polling at the present time would be premature.

### **Next Steps**

Staff recommends appropriating \$110,000 to award a professional services agreement to Fairbank, Maslin, Maullin, Metz & Associates (FM3), and to amend the Tripepi Smith & Associates current contract to conduct public opinion research and community outreach and education to assess voter support for a potential revenue measure. This work should be completed before the City considers placing any measure on the ballot.

From January through May 2026, FM3 will conduct bilingual public opinion polling of likely

November 2026 voters to test support for different revenue measure types and better understand voter priorities and concerns. This effort will include an initial survey of up to 250 voters conducted in English and Spanish. If results indicate sufficient support, a follow-up survey may be conducted to further refine potential measure language and inform development of a ballot title and summary, in coordination with City staff and the City Attorney. At the same time, Tripepi Smith will conduct neutral, informational outreach and education informed by the polling results. Staff will return to the City Council at the June 16 meeting with the results of this work and a recommendation on whether to move forward with a revenue measure.

## **COUNCIL PRIORITY PROGRAMS AND PROJECTS**

Infrastructure: "Develop and maintain infrastructure resources to support sustainable growth."

## **FISCAL IMPACT**

The total cost is \$110,000, including \$60,000 for FM3 Research and \$50,000 for Tripepi Smith. Funding will be allocated from the General Fund Undesignated Reserve and will be readjusted as part of the mid-year budget process.

## **ENVIRONMENTAL REVIEW**

15378(b) - The action is not a "Project" subject to the California Environmental Quality Act ("CEQA") because it does not qualify as a "Project" under Public Resources Code Sections 21065 and 21080 and in Section 15378(b) of Title 14 of the California Code of Regulations.

## **COMMUNICATION**

Level 4: Robust Communication & Engagement

A comprehensive communications plan will be developed with the support from Tripepi Smith. The plan will focus on outreach and education efforts to inform the community about the revenue measure exploration process and provide opportunities for public input. We will work closely with Tripepi Smith, FM3, and the City Attorney to ensure messaging and materials reflect polling results, are accurate, and comply with legal requirements.

## **ATTACHMENTS:**

1. [Resolution - Ballot Measure](#)
2. [PCS Presentation - January 8, 2026](#)
3. [PCS Presentation - November 13, 2025](#)
4. [FM3 Quote](#)
5. [TS Quote](#)