



# STAFF REPORT

**TO:** CLAYTON CITY COUNCIL

**FROM:** Dennis Bozanich

**DATE:** January 6, 2026

**SUBJECT: Presentation on Preparing for Landscape and Maintenance District Renewal and 1% Sales Tax Increase Ballot Measures**

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## **RECOMMENDATION**

Receive a presentation on the rules, roles, timing, optional actions, responsibilities, and limitations for the two ballot measures for the November 2026 Ballot - Landscape and Maintenance District (LMD) Renewal and a 1% Sales Tax increase.

## **BACKGROUND**

The City of Clayton continues to experience long-term structural pressures within the General Fund driven by rising labor costs, infrastructure maintenance obligations, and limited elasticity in existing revenue sources. As discussed during prior budget workshops and the Revenue Options project, the City's discretionary revenues are highly constrained and remain sensitive to economic volatility.

Since August, the City Council has received a series of presentation on the future financial needs of the City of Clayton, options for additional revenue and analysis on how each of the options would support the City's future financial needs. The City Council was also provided with information on the deadlines for ballot initiatives from the County's elections office.

At the December meeting, the City Council discussed and provided direction to staff to proceed with preparing for two ballot initiatives on the November 2026 General Election ballot - Renewal of the LMD and adding 1% to the City's sales tax rate.

## **ANALYSIS**

The presentation today will provide the Council and the community with key information to meet the ballot deadlines and to remain compliant with state election laws.

### **1. Legal and Procedural Framework**

Local tax measures are governed by the California Constitution and state election law. Key distinctions include:

- **General taxes** require approval by a simple majority (50% +1) of voters and must be placed on the ballot at a regularly scheduled general election. Revenues may be used

for any lawful municipal purpose.

- **Special taxes**, including Landscape Maintenance Districts, require approval by a two-thirds (66.67%) supermajority and must specify the purpose for which revenues will be used.

The presentation clearly delineates the permitted roles of City Council members, City staff, and residents during the ballot process. City staff are limited to providing factual, impartial information and may not advocate for or against a measure. Individual councilmembers may engage in advocacy in their personal capacity but may not use City resources to do so.

## **2. Landscape Maintenance District (LMD) Considerations**

The existing LMD provides a dedicated funding source for landscaping, medians, and related maintenance. Key considerations for Council include:

- **Expiration or renewal timing** of the current district
- Whether assessed amounts remain aligned with current service costs
- Potential adjustments to boundaries, assessment formulas, or service descriptions
- Voter fatigue or overlap with other potential ballot measures

As a special tax, any LMD renewal or amendment would require a two-thirds vote of approval, which historically presents a higher electoral threshold. However, the LMD's direct nexus to visible community services may enhance voter understanding and acceptance if properly structured and communicated.

## **3. General Sales Tax Measure Considerations**

A general sales tax offers several advantages:

- Broad-based revenue growth tied to economic activity
- Flexibility to support core municipal services, including public safety, street maintenance, and general operations
- Lower voter approval threshold (simple majority)

The Revenue Options project previously identified a local sales tax as the single most significant opportunity to materially improve Clayton's General Fund outlook over the next decade. However, sales taxes are also subject to regional competition, consumer sensitivity, and cumulative tax-rate ceilings. Council direction will be required regarding:

- The proposed tax rate - confirming the 1% increase in the sales tax rate,
- Whether the measure would include advisory spending priorities, and

- The timing relative to other local or regional measures.
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#### **4. Ballot Measure Preparation and Timeline**

The presentation outlines a structured, phased approach to ballot preparation, including options to include:

- **Public opinion research**, such as benchmark and feasibility polling
- **Message testing**, conducted in a non-advocacy, informational manner
- **Financial modeling** to align revenue projections with service needs
- **Ballot language stress-testing** to ensure clarity and legal defensibility
- Consideration of a **citizens' oversight committee**, where applicable

Key statutory deadlines include Council action to place measures on the ballot no later than early August for a November election, with significant preparatory decisions required in the spring and early summer.

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#### **5. Community Engagement and Roles**

Residents play a central role in any successful ballot effort. While the City is restricted to neutral information, community members may:

- Organize independent campaign committees
- Participate in outreach, forums, and educational efforts
- Serve on oversight committees if established

Clear separation between City activities and independent advocacy is essential to ensure legal compliance and public trust.

#### **CEQA**

The recommended action is not a "project" under CEQA.

#### **FISCAL IMPACT**

At this stage, there is no immediate fiscal impact associated with receiving the presentation or providing policy direction. Should Council direct staff to proceed, future costs may include polling, legal review, and outreach materials, which would be addressed during the budget revisions scheduled for March.

Successful adoption of either or both measures would materially improve the City's long-term fiscal sustainability, with the general sales tax providing the greatest ongoing flexibility and

revenue potential.

**ATTACHMENTS**

[Att A - LMD & SUT Ballot Measures Presentation - Part 1.pdf](#)