



Agenda Report

Fullerton City Council

MEETING DATE: MAY 20, 2025

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: ERIC J. LEVITT, CITY MANAGER

PREPARED BY: KINGSLEY OKEREKE, INTERIM DIRECTOR OF ADMINISTRATIVE SERVICES
STEVEN AVALOS, BUDGET AND PURCHASING MANAGER

SUBJECT: ADD-ON SALES TAX BALLOT MEASURES OPTIONS

SUMMARY

City Council requested staff present Add-On Sales Tax ballot measure options considered and recommended by the Fiscal Sustainability Ad Hoc Committee for City Council review and consideration during the May 13, 2025 Special City Council meeting.

PROPOSED MOTION

Provide direction to staff regarding appropriate research on a future ballot initiative.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion.
- Consider two "Dedicated" Add-On Sales Tax Measures: one 0.5% Dedicated for "Streets & Infrastructure" and one 0.5% Dedicated for Public Safety
- Consider 1% "General" Add-On Sales Tax Measure for general purposes
- Do not pursue Add-On Sales Tax Measure options
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

The City Manager has placed this item on the City Council agenda per City Council direction.

BUDGET POLICY PRIORITY STATEMENT

This item matches the following Budget Policy Priority Statements:

- Fiscal and Organizational Stability
- Public Safety
- Infrastructure and City Assets.

FISCAL IMPACT

Staff presented three Add-On Sales Tax measure options, ranging from a 0.5% (or half cent) and 1% (1 cent) increase and for different purposes to City Council at the FY 2025-26 Budget Study Session on May 13, 2025. An Add-On sales tax measure from 0.5% - 1.0% would generate an additional **\$15 million to \$30 million** in new revenue to the City. The revenues generated would either be restricted for a special purpose and/or unrestricted and subject to City Council discretion, depending on the designations of the proposed Add-On Sales Tax measure.

DISCUSSION

City Council held the FY 2025-26 Budget Study Session On May 13, 2025 and for overview and initial review on the FY 2025-26 Proposed General Fund Budget, All Funds Budget and Capital Improvement Projects (CIP) Budget in advance of budget adoption on June 3, 2025. The Study Session provided the City's projected financial position and presented the General Five-Year Financial Forecast.

Staff presented the Fiscal Sustainability Ad Hoc Committee's budget balancing recommendations for addressing the City's financial outlook and fiscal challenges over the next few years for City Council consideration. City Council directed staff to agendize an item to discuss "Add-On" Sales Tax Measure ballot options at the May 20, 2025 City Council meeting. The following outlines the three Add-On Sales Tax Measure options as recommended by the Fiscal Sustainability Ad Hoc Committee:

- Two Add-On Sales Tax Measures Option – 0.5% Dedicated for Streets and Infrastructure *and* 0.5% Add-On for Public Safety: This would require 66.7% or 2/3 Voter Approval for each ballot measure.

Committee Vote – The Committee vote split 2 – 2 – 1 (*In favor: Bushala, Dean; Opposed: Duong, Smith; Absent: Brown*)

- 1% Add-On General Sales Tax Measure Option for General Purposes – This would require a 50% +1 Voter Approval.

Committee Vote – The Committee vote split 2 – 2 – 1 vote (*In favor: Duong, Smith; Opposed: Bushala, Dean; Absent: Brown*)

Staff would discuss each Add-On Sales Tax measure option in more detail in the presentation (Attachment 1) relative to how each option impacts the City financial position for the General Fund in both the short-term and long-term.

The next available ballot for City Council to place tax measure is the November 2026 General Municipal Election with the deadline to call the election for a measure in early August 2026. Staff would need direction from City Council to initiate steps to move forward with any of the recommended option(s). Staff could research other election dates if requested.

Attachments:

- Attachment 1 – PowerPoint Presentation

cc: City Manager Eric J. Levitt