



## **STAFF REPORT TO THE FINANCE COMMISSION**

**DATE:** Regular Meeting of January 21, 2026

**TO:** Members of the Finance Commission

**SUBMITTED BY:** Edwin Gato, Director of Finance

**SUBJECT:** FY 2025-26 Measure B and N quarterly report on revenues collected as of November 30, 2025, which represent 42% of the total projected amount.

### **RECOMMENDED ACTION**

Receive the attached quarterly report for Fiscal Year 2025-26 concerning Measure B and Measure N. This report details the revenues collected as of November 30, 2025, which represent 42% of the total projected amount.

### **BACKGROUND**

#### Measure B – Additional ½ cents Sales and Use Tax Revenues

On November 3, 2015, voters approved Measure B, which allows the City to continue its local 0.5 percent sales tax indefinitely. This tax was originally established by voters in June 2012 under Measure O. With the passage of Measure B, the total sales tax rate for the City remains at 9 percent, which consists of a 7.5 percent state-mandated tax, a 1 percent county tax, and the City's 0.5 percent tax. Additionally, Measure B was designated as a general sales tax, meaning the revenue generated can be utilized for various government purposes.

#### Measure N – Utility Users Tax Rate (UUT) Revenues

On November 8, 2022, voters approved Measure N, a significant decision that enables the City to maintain its Utility Users Tax (UUT) at a rate of 8% indefinitely. This tax is applicable to various utility services and is intended to generate crucial revenue for the City's general fund. The UUT represents approximately 20% of the total General Fund revenue. These funds are essential for supporting a diverse array of government services and initiatives, thereby ensuring the community's needs are addressed and contributing to the overall welfare of the City.

## **DISCUSSION**

The Finance Commission has requested quarterly updates on the revenue collections for Measures B and N.

As of November 30, 2025, the City collected \$710,174 from Measure B, a 9% decrease from the same quarter in the previous year. This figure accounts for approximately 37% of the projected annual estimate and is 5% below the forecast. A shift in consumer spending from taxable goods to non-taxable services, increased online shopping, and the recent closure of several major local retailers may drive the decrease. City staff will continue to monitor this situation closely and will provide a report to the City Council during the midyear budget update to address any revenue shortfall.

Additionally, the City has generated \$1.8 million from Measure N, indicating a 3% increase compared to the same quarter in the previous year. This figure represents 44% of the total estimated revenues accumulated to date. The growth in revenues is attributed to a general increase in utility consumption and the rates for electricity, gas, and sewer services, all of which have contributed to a broader tax base for the City's General Fund.

The total revenue generated from Measures B and N represents 42% of the projected revenue for this quarter of the fiscal year, demonstrating that the combined collections are progressing as anticipated.

## **FISCAL IMPACT OF RECOMMENDATION**

Accepting this report will not have any financial implications. Nonetheless, the proposed utilization of the revenue generated by these measures is consistent with the established provisions outlined in the measures.

## **ATTACHMENT**

Attachment 1 – Measure B and N Year-to-date Quarterly Revenue Report through 11/30/2025