



FREQUENTLY ASKED QUESTIONS ABOUT THE POTENTIAL 2024 CITY OF NAPA SALES TAX BALLOT MEASURE

What is the fiscal challenge facing the City of Napa?

Our city, like many others, faces future funding challenges that could impact the quality of life for residents and local businesses. Recent financial modeling shows that the City of Napa's forecasted expenditures will exceed the "most likely" revenue levels within three years and this projected deficit would result in the City falling behind current service levels. It's important to note that this is based on a status-quo forecast of expenditures and does not include any staffing increases, new or expanded programs, nor any funding to replace failing facilities that house emergency safety services and city employees.

What is the City of Napa considering to address this challenge?

To alleviate this potential shortfall and generate necessary funding, the City is considering a sales tax ballot measure that would secure funding for many services and facilities including repairing roads and sidewalks, improving emergency response times, and supporting programs for mental health, youth violence prevention, and senior services.

What is the potential ballot measure being considered by the City Council?

Unlike many cities in our region, the City of Napa does not have a dedicated sales tax. The City Council is considering placing a 1¢ sales tax measure on the November 2024 general election ballot. If approved, it would fund priority services in Napa and the tax would be collected on sales within Napa. This means that anyone who makes a purchase in the city would contribute and visitors would pay their fair share. It's also important to remember that essential purchases like groceries and prescription medicine are exempt from the sales tax.

How much money could this potential sales tax measure raise?

The potential sales tax measure is projected to generate about \$21 million in revenue each year. It is anticipated that the measure would be a "general tax" which requires 50% + 1 vote of the public and the funding would be flexible to meet future needs of the city without being locked into specific allocations.

Has the City explored other funding options besides a sales tax?

Yes. City staff and consultants closely analyzed options such as increasing the Transient Occupancy Tax (TOT), a parcel tax, and various types of community facilities districts. Upon careful review, none of these options would generate sufficient revenue to meet the City's needs and the direct financial costs to residents and businesses would have been greater than a sales tax increase.

If passed, how would the funds from the sales tax measure be used?

As with all budget decisions, funds from a measure would be allocated each year by the City Council based on need and community input. Recent opinion polling of City residents indicated that the highest funding priorities of Napa voters are:

- Repairing potholes, streets, and sidewalks.
- Ensuring water quality in local creeks and streams.
- Sustaining fire protection programs and upgrading/updating fire stations to accommodate modern equipment, while ensuring disaster preparedness and operations in an emergency.
- Ensuring upkeep of city park and recreation facilities.
- Addressing homeless encampments, abandoned vehicles and connecting homeless residents to mental health services and facilities
- Maintaining 911 response times and providing a police mental health response team for non-violent 911 calls.
- Preserving senior services and facilities.
- Supporting teen programs and youth violence prevention/intervention programs to keep kids away from gangs and drugs.

Are there any safeguards that the revenue will be spent on these City services and projects?

The measure is expected to include a requirement for annual independent audits and local oversight to ensure the funds are used exclusively for the purposes approved by City Council. In addition, under the City Charter and the California Constitution, the City is required to spend all General Fund revenue to benefit the City.

Is this already on the ballot? What are the next steps?

No. The City is in the beginning stages of discussing this potential measure with stakeholders both within city government and the greater community. The City Council will be briefed on the polling results in a public meeting in January 2024 and if direction is given to continue pursuing a possible measure then staff and consultants will embark on a 5-month community information and discussion effort to receive input and answer questions. The deadline for the Council to vote to place the measure on the ballot in a public meeting would be June 2024.

**The City values questions, comments, and feedback from the community.
To learn more about the City's funding needs, please contact us at:
citymanager@cityofnapa.org**