

## RESOLUTION 2026-###

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO (1) RATIFYING A PRIOR REQUEST SUBMITTED BY THE CITY MANAGER ON MARCH 3, 2026; AND (2) AUTHORIZING A FORMAL REQUEST FOR THE INCLUSION OF THE CITY OF SAN PABLO IN SENATE BILL 762 (ARREGUIN) LEGISLATION, WHICH ADDRESSES AN EXEMPTION FROM STATE STATUTORY LIMITATIONS UNDER SECTION 7251.1 OF THE CALIFORNIA REVENUE AND TAXATION CODE PERTAINING TO TRANSACTIONS (SALES) AND USE TAX**

WHEREAS, since FY 2022-23, the City has experienced declining annual Casino revenue resulting in operating deficits for four (4) consecutive fiscal year periods, and requiring the increased use of City Operating Reserves to cover annual operating expenses and unforeseen financial contingencies to sustain City program and service delivery;

WHEREAS, on December 16, 2024, NBS Government Finance Group presented several options for new General Fund revenue enhancements to the City Council. These included several potential new mechanisms to expand revenue capacity for the City's General Fund and to sustain City program and service delivery;

WHEREAS, on March 3, 2025, following community polling presented by Strategy Research Institute, Inc., (SRI), the City Council adopted Resolution 2025-035 which authorized the City Manager to explore the feasibility and viability of two (2) potential revenue mechanisms which received favorable community support for future formal City Council consideration and approval; and amended the FY 2023-25 Council Priority Workplan under *Major Policy Goal: Economic Development and Fiscal Diversification* under Policy #405 and Policy No. #405.3;

WHEREAS, one of these revenue mechanisms, under Tier I, a Master Fee Schedule Update/Cost Allocation Update, was approved by the City Council on November 17, 2026, via Resolution 2025-141. As a result, the Master Fee Schedule Update is expected to generate new revenue of \$200,000 to \$400,000 annually for the City's General Fund, starting with the implementation of increased City fees from January 2026 onward;

WHEREAS, on March 3, 2025, the 2024 year-end survey results conducted by SRI were presented to the City Council and concluded that there was substantial community at-large support (63%), and local Opinion Leaders support (50.5%) for a proposed half-cent (0.50) sales tax measure for potential consideration on the November 2026 ballot;

WHEREAS, on March 16, 2026, the 2025 year-end survey results conducted by SRI were presented to the City Council concluded there was electoral support (51%), and Local Opinion Leaders Support (56%) for a proposed half-cent (0.50) sales tax measure for potential consideration on the November 2026 ballot;

WHEREAS, San Pablo's transaction (sales) and use tax is currently 9.50% following recent adoption of San Pablo Measure S which was adopted by local voters in November 2020;

WHEREAS, to continue with feasibility and viability of a newly proposed half-cent (0.50) sales tax for November 2026 to protect and preserve local revenue to sustain City program and service delivery, the City must seek an exemption from Section 7251.1 of the California Revenue and Taxation Code which provides a State statutory limitation for all combined rate of all transactions and use taxes (sales taxes) imposed by local cities/counties to a maximum of 2 percent (2%);

WHEREAS, under the current State statutory 2% limit, a quarter-cent (0.25) sales tax increase is available for the City to pursue in November 2026. However, due to the Measure S sales tax measure adopted in November 2020, San Pablo's Measure S will shift from half-cent (0.50) to quarter-cent (0.25) on October 1, 2027, as adopted by local voters in 2020, raising the City's allowable rate to half-cent (0.50) under the current State's statutory 2% limit;

WHEREAS, local voters will need a clear explanation of the Measure S tax rate shift which would take up considerable ballot language and thereby confuse local voters on the need and purpose of the City's proposed half-cent (0.50) sales tax measure in November 2026;

WHEREAS, in February 2026, through the City's lobbyist, Townsend Public Affairs (TPA), proposed SB 762 legislation, a bill sponsored by State Senator Jesse Arreguin (D-7th) was introduced to exempt the City of Hercules from the State's statutory limit (2% cap) on a transaction (sales) and use tax increase planned for November 2026;

WHEREAS, in recent discussions with the City of Hercules, their City's fiscal condition and interests align with San Pablo in protecting and preserving local revenues for ongoing program and service delivery for its residents;

WHEREAS, to pursue these funding measures this November 2026, both cities would need an exemption from the State statutory limit (2%) for their respective half-cent (0.50) sales tax measures being proposed for November 2026 via the proposed SB 762 legislation;

WHEREAS, conversely, if the City does not seek an exemption, the ballot language must clarify the complexities of San Pablo's Measure S shift on October 1, 2027, which makes it extremely challenging to meet the County Election Department's 75-word maximum ballot language limit;

WHEREAS, this explanation of the Measure S shift would likely confuse and jeopardize the City's ability to explain to local voters, clearly and legibly, the purpose for the proposed half-cent (0.50) sales tax for November 2026 which is critically needed to preserve and protect local revenue for ongoing program and service delivery to local San

Pablo residents;

WHEREAS, the State legislative deadline to introduce new bills for the 2026-27 California legislative cycle was on February 20, 2026. In accordance with previous City Council approval under Resolution 2025-035 on March 3, 2025, the City Manager transmitted a letter to State Senator Arreguin (D-7th) requesting San Pablo's inclusion in SB 762 legislation due to the February 20, 2026 legislative deadline; and

WHEREAS, the SB 762 legislation was re-introduced from 2025 by State Senator Jesse Arreguin (D-07) on January 5, 2025, referred to Senate Committee on January 14, 2025, and has been now ordered to Assembly (held at desk) as of January 27, 2026.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of San Pablo hereby (1) ratifies a prior request submitted by the City Manager on March 2, 2026 and (2) authorizes a formal request for the inclusion of the City of San Pablo in Senate Bill 762 (Arreguin) legislation, which addresses an exemption from State statutory limitations under Section 7251.1 of the California Revenue and Taxation Code pertaining to Transactions (Sales) and Use Tax;

BE IT FURTHER RESOLVED that the City Council of the City of San Pablo hereby authorizes and determines the following:

1. To proceed with funding feasibility of a proposed half-cent (0.50) sales tax measure for the November 2026 ballot, the San Pablo City Council formally request inclusion into the SB 762 Legislation, sponsored by State Senator Jesse Arreguin (D-07), and seeks a legislative exemption from the State statutory 2% limit pursuant to Section 7251.1 of the California Revenue and Taxation Code under SB 762 legislation
2. An exemption is further needed and to confirm that the Contra Costa County's regional funding efforts planned for 2026 (i.e. BART half-cent (0.50) sales tax measure; Contra Costa County BOS (0.625) sales tax measure) does not impede San Pablo's half-cent (0.50) sales tax funding initiative proposed for November 2026.
3. By being included in the SB 762 legislation for the 2026 CA Legislative Session, the San Pablo City Council would be able to present this funding measure to our local electorate to make its own decision to approve or reject such a measure in November 2026.
4. This voter-centered approach is consistent with long-standing legislative principles recognizing that local fiscal challenges are best addressed through locally authorized revenue solutions.
5. The City Council's decision to be included in the SB 762 legislation does not constitute formal approval of the proposed half-cent (0.50) sales tax measure for November 2026 at this time.

6. Adoption of a resolution placing the measure on the November 2026 ballot, will necessitate a four-fifths (4/5) majority vote by the City Council and will be scheduled for formal consideration in July 2026.
7. SRI will conduct further polling of San Pablo's electorate during May-June 2026 to provide additional polling information that will assist the City Council in making its policy decision in July 2026.

BE IT FURTHER RESOLVED that the foregoing recitations are true and correct and are included herein by reference as findings.

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ADOPTED this 16th of March, 2026, by the following vote:

AYES: COUNCILMEMBERS:  
NOES: COUNCILMEMBERS:  
ABSENT: COUNCILMEMBERS:  
ABSTAIN: COUNCILMEMBERS:

ATTEST:

APPROVED:

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Dorothy Gantt, City Clerk

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Elizabeth Pabon-Alvarado, Mayor