



CITY OF ATASCADERO

CITY COUNCIL STAFF REPORT

Item D2

Department: Administrative Services
Date: 04/14/26
Placement: Consent

TO: JAMES R. LEWIS, CITY MANAGER
FROM: JERI RANGEL, DIRECTOR OF ADMINISTRATIVE SERVICES
PREPARED BY: DAWN PATTERSON, FINANCE ANALYST

SUBJECT: Sales Tax Measure D-20 Annual Report

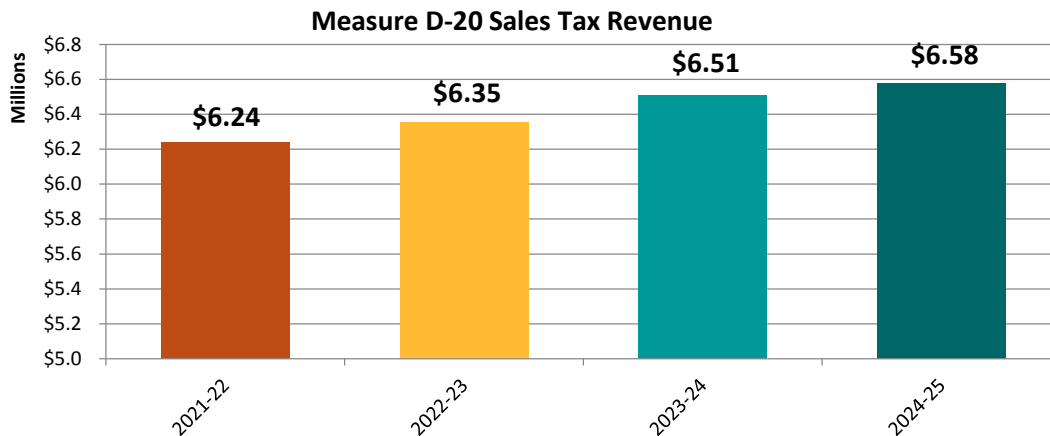
RECOMMENDATION:

The Finance Committee and Citizens’ Sales Tax Oversight Committee recommends Council approve the Measure D-20 Annual Report for distribution to the community.

DISCUSSION:

Sales Tax Measure D-20 is a General Fund “Essential Services Transaction and Use Tax” approved by Atascadero voters in November 2020. The measure increased the local sales tax rate by one percent, to 8.75%, to fund key community priorities and City Council goals.

Fiscal Year 2024–25 Measure D-20 revenues totaled approximately \$6.58 million, reflecting a \$70,000 increase over the prior fiscal year. Revenues have demonstrated steady growth over the past four full fiscal years.



As a general tax, Measure D-20 revenues are collected into the City's General Fund and reflected in the City's annual audited financial statements. Transparency and accountability were central to the passage of Measure D-20. Accordingly, the City Council directed the Finance Committee and the Citizens' Sales Tax Oversight Committee (CSTOC) to conduct an annual public review of the Measure D-20 Report in conjunction with the City's audited financial statements. The joint meeting of CSTOC and the Finance Committee was held on March 25, 2026.

As discussed by the City Council prior to the passage of Measure D-20, tracking individual expenditures would be difficult, subject to interpretation, and of limited value without reviewing the full scope of all General Fund expenses. Instead, the annual Measure D-20 Report highlights the key accomplishments and overall impact of the programs and projects supported these funds.

A primary objective of Measure D-20 is the replacement and modernization of aging public safety facilities. Fire Station #1 (1952) will be replaced with a new facility that includes an Emergency Operations Center. Fire Station #2 (1986) will be upgraded to include safety features such as a decontamination room and dedicated areas for turnout cleaning and storage. The Police Station (1990) will address aging building systems, operational needs, and site security, including roof rehabilitation, HVAC upgrades, parking area security enhancements, and expansion of a detached 1,300-square-foot emergency dispatch facility.

The majority of capital improvements are being financed through the issuance of bonds, with annual debt service paid from Measure D-20 revenues. All remaining costs not covered by bond proceeds will be funded directly from Measure D-20 revenues that have been set aside specifically for this purpose.

Measure D-20 funding also allowed the City to restore the popular summer Aquatics Program in partnership with the Atascadero Unified School District and Atascadero High School (AHS). The program provides affordable swim lessons, recreational swim, and lap swim at the AHS pool, serving more than 120 youth in swim lessons and approximately 100 additional participants in open and lap swim. Identified as a community priority during Measure D-20 discussions, the program supports Council goals to enhance quality of life, expand recreation services, and restore valued community offerings.

As with most recreation services, the Aquatics Program is partially subsidized to keep fees affordable for local families. Program revenues offset a portion of operating costs, with the remaining support funded through Measure D-20 revenues.

The Outreach for Underrepresented Residents (OUR) team, which includes two police officers, a County behavioral health clinician, and an outreach case manager, is also made possible by D-20 revenues. In 2025, the team responded to over 1,100 calls for service, assisted 17 individuals in obtaining housing, and facilitated 22 mental health holds, connecting those individuals to appropriate care. These coordinated efforts enhance public safety, improve community well-being, and contribute to a cleaner and safer Atascadero.

Staffing and retention were also identified as priorities for Measure D-20 investment. Measurable improvements in recruitment, vacancy rates, and employee retention demonstrate the impact of that investment. Measure D-20 has strengthened the City's ability to compete in today's labor market through improved compensation and sustainable labor agreements.

Measure D-20 activity, along with all other City fund activity, is included in the City's financial statements. Overall, the City experienced a successful fiscal year, with revenues exceeding expenditures. The General Fund balance increased approximately \$1.8 million, outperforming the budgeted loss. Most revenues exceeded both budgeted and prior year amounts, while recurring expenditures for employee services and operating supplies remained below final budget estimates. As a result, the General Fund balance at year-end was over \$21 million, reflecting the Council's continued stewardship of community resources and commitment to maintaining the City's financial health.

The City's financial statements were audited by the independent accounting firm of Moss, Levy & Hartzheim. The auditors conducted a full audit and concluded that the City's financial statements fairly present the City's financial position in conformity with generally accepted accounting principles. The audited financial statements and related City Council staff report may be accessed on the City's website.

The Measure D-20 Report includes information on the Measure and highlights key accomplishments for Fiscal Year 2024/2025.

It is recommended that the Measure D-20 Annual Report be approved and distributed via U.S. Mail to all properties in the City. The brochure will also be made available at City Hall and on the City's website.

FISCAL IMPACT:

Distribution of the 2025 Measure D-20 Annual Report is estimated to cost about \$5,500 in budgeted General Funds.

REVIEWED BY OTHERS:

This item has been reviewed by the Administrative Services Director.

REVIEWED AND APPROVED FOR COUNCIL AGENDA



Lara K. Henderson, Assistant City Manager

ATTACHMENT:

Sales Tax Measure D-20 Annual Report