



MEMORANDUM

TO: City Council

FROM: Matthew Downing, City Manager
Bill Robeson, Assistant City Manager/Director of Public Works

BY: Jessica Matson, Director of Legislative & Information Services/
City Clerk

SUBJECT: Establishment of a Citizens' Sales Tax Oversight Committee and
Adoption of Committee Bylaws

DATE: March 11, 2025

RECOMMENDATION:

1) Adopt a Resolution establishing a Citizens' Sales Tax Oversight Committee for the oversight of Measure E-24 funds and adopting Committee Bylaws; and

2) Determine that adopting a Resolution establishing a Citizens' Sales Tax Oversight Committee and adopting Committee Bylaws is not a project subject to the California Environmental Quality Act ("CEQA") because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060 (c)(2) and (3), 15378.).

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

There are no immediate fiscal impacts associated with the creation of a Citizens' Oversight Committee. Personnel impacts include time spent administering the Committee.

BACKGROUND:

In November 2024, voters in the City of Arroyo Grande approved Transactions and Use/Sales Tax [Measure E-24 \(E-24\)](https://www.arroyogrande.org/813/Measure-E-24-Sales-Tax)¹ that increased the local sales tax rate in Arroyo Grande by one percent to 8.75%. Arroyo Grande voters passed Measure E-24 to generate revenue to fund many of the key priorities of the community and the City Council. The measure is estimated to generate approximately \$6 million annually.

As part of the City's commitment to transparency and accountability, E-24 included language regarding citizen oversight. Although not required by the language of the

¹ <https://www.arroyogrande.org/813/Measure-E-24-Sales-Tax>

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Measure itself, a Citizen Sales Tax Oversight Committee (CSTOC, or Committee) is one approach by which oversight can be accomplished. The CSTOC will review the annual reports of E-24 and advise and provide feedback regarding the allocation of E-24 funds. The Annual Report will highlight how funds will be spent and include metrics and a narrative on what the funds were used for and what was accomplished with the funds. After reviewing the annual report and audit, the CSTOC will report their findings to the City Council.

ANALYSIS OF ISSUES:

At their [February 25, 2025](#)² regular meeting, the City Council directed staff to initiate steps towards creation of a CSTOC and publish a notice seeking applications for the Committee.

Role and Purpose of a Citizen Oversight Committee

The CSTOC will serve as a key advisory body to the City Council on the allocation and use of E-24 funds. The CSTOC will be responsible for:

- Reviewing the use of E-24 revenue for key community priorities;
- Providing feedback to inform City Council direction on funding by E-24; and
- Facilitating public input and engagement regarding the expenditure of funds.

Committee Composition

The creation of the CSTOC is fully subject to local control. Staff recommends the CSTOC consist of 5 members appointed by the City Council based on their knowledge, experience, and interest in the City's fiscal health.

Committee Term and Meetings

It is recommended that the CSTOC serve a term coinciding with their appointing Council Member, consistent with that of other City advisory bodies. Members have the possibility of reappointment for additional terms. Meetings will be held as needed, at least once annually, to address key issues related to E-24 funds. The CSTOC will operate in a transparent manner, with meetings open to the public, and all agendas and minutes posted on the City's website in accordance with the Brown Act.

Recruitment and Appointment Process

Following Council direction, staff published a notice seeking applications for Committee Members on February 28, 2025. The Notice was widely publicized through various City communications channels and applications are currently being received. Applications will be forwarded to each member of the City Council for review and recommendation of appointment. Appointments to the Committee will be made by the full City Council.

²<https://pub-arroyogrande.escribemeetings.com/Meeting.aspx?Id=586fd20a-05f6-4770-946e-9227030ef982&lang=English&Agenda=Agenda&Item=44&Tab=attachments>

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Pending recruitment of individuals to serve on the CSTOC, Council appointments to the Committee are anticipated to take place in April with the first Committee meeting anticipated to take place in 2025.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Adopt a Resolution establishing the CSTOC, and adopting Committee Bylaws;
2. Modify and adopt the Resolution; or
3. Provide other direction to staff.

ADVANTAGES:

The creation of an E-24 CSTOC is one way the City of Arroyo Grande can maintain a high level of accountability and transparency in the allocation of its sales tax revenue. The committee will provide valuable community input when reviewing the annual report related to E-24 revenues and expenditures. Additionally, the adoption of Committee Bylaws will ensure there are a set of guidelines for the Committee members to abide by.

DISADVANTAGES:

The creation of an E-24 CSTOC will create another Brown Act committee for the City that requires record keeping and meeting administration.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2. Additionally, a notice seeking applications for committee members was published on the City's various communications channels on February 28, 2025, and again on March 4, 2025.

ATTACHMENTS:

1. Proposed Resolution