



3. Consent to the Registrar of Voters rendering election services to the City as requested by the City Clerk and as stated in the Memorandum of Understanding with the County of Riverside;
4. Direct the City Clerk to transmit a copy of the measure to the City Attorney for preparation of an impartial analysis; and
5. Determine if the Mayor or Members of the City Council wish to author ballot arguments.
6. Direct City staff to develop and implement a stakeholder/outreach plan to educate and inform residents and businesses of the proposed revenue measure.

Option B (Supplemental (Stand Alone) Transaction and Use (Sales) Tax):

That the City Council:

1. With at least five affirmative votes, adopt the attached resolution calling for a municipal election to be held June 2, 2026, for a measure entitled, "City of Riverside Services Protection Measure" and requesting consolidation with the statewide election;
2. With at least five affirmative votes, introduce and subsequently adopt the attached Ordinance adding Chapter 3.09, entitled "Supplemental Transaction and Use Tax" (sales), of the Riverside Municipal Code to adopt a ¼ cent transaction and use (sales) tax, to become operative and enforceable upon approval by the voters of the City of Riverside of the measure entitled, "City of Riverside Services Protection Measure;"
3. Consent to the Registrar of Voters rendering election services to the City as requested by the City Clerk and as stated in the Memorandum of Understanding with the County of Riverside;
4. Direct the City Clerk to transmit a copy of the measure to the City Attorney for preparation of an impartial analysis; and
5. Determine if the Mayor or Members of the City Council wish to author ballot arguments.
6. Direct City staff to develop and implement a stakeholder/outreach plan to educate and inform residents and businesses of the proposed revenue measure.

Option C (Transaction and Use Tax Extension and Transient Occupancy Tax Increase):

That the City Council:

1. With at least five affirmative votes, adopt the attached resolution calling for a municipal election to be held June 2, 2026, for a measure entitled, "City of Riverside Services Protection Measure" and requesting consolidation with the statewide election;
2. With at least five affirmative votes, adopt the attached resolution calling for a municipal election to be held June 2, 2026, for a measure entitled, "City of Riverside Hotel Tax Measure" and requesting consolidation with the statewide election;
3. With at least five affirmative votes, introduce and subsequently adopt the attached Ordinance amending Chapter 3.08, entitled "Transaction and Use Tax" (sales), of the Riverside Municipal Code to extend the existing transaction and use (sales) tax, to become operative and enforceable upon approval by the voters of the City of Riverside of the measure entitled, "City of Riverside Services Protection Measure;"
4. With at least five affirmative votes, introduce and subsequently adopt the attached Ordinance amending Chapter 5.32, entitled "Transient Occupancy Tax" (hotel/lodging), of the Riverside Municipal Code to update the existing transient occupancy tax, to become operative and enforceable upon approval by the voters of the City of Riverside of the measure entitled, "City of Riverside Hotel Tax Measure;"
5. Consent to the Registrar of Voters rendering election services to the City as requested by the City Clerk and as stated in the Memorandum of Understanding with the County of Riverside;
6. Direct the City Clerk to transmit a copy of the measures to the City Attorney for preparation of an impartial analysis for each measure; and

7. Determine if the Mayor or Members of the City Council wish to author ballot arguments.
8. Direct City staff to develop and implement a stakeholder/ outreach plan to educate and inform residents and businesses of the proposed revenue measure.

## **BACKGROUND:**

Under California law, local governments may submit proposed general tax measures to the voters only at regularly scheduled general elections for members of the governing body (such as City Council elections) per Article XIII C, Section 2(b) of the California Constitution, unless a fiscal emergency is declared. For Riverside this means City Council can only bring to discuss and consider putting one or more revenue measures on the ballot in 2026, 2028, etc.

To place a City measure on the June 2, 2026, ballot, the City must adopt a resolution calling the election and requesting consolidation with the statewide election. Under Elections Code section 10403, the City must file the consolidation resolution with the Board of Supervisors (and provide a copy to the elections official) at least 88 days prior to the election date. For the June 2, 2026, election, the 88 day deadline falls on Friday, March 6, 2026. On January 6, 2026, the City Council adopted Resolution 24342, calling for a General Municipal Election to be held on June 2, 2026 for the purpose of electing members of the City Council for wards 2, 4, and 6. If the Council desires to add one of the ballot measures proposed in this report, the Council would need to adopt the resolution calling for the measure to be placed on the ballot and introduce the corresponding ordinance. The ballot measure resolution would then need to be filed no later than Friday, March 6, 2026.

On January 27, 2026, City staff presented potential ballot revenue measures to City Council for consideration. Council directed staff to timely return to Council with specific ballot measures for consideration and possible placement on the June 2, 2026, ballot.

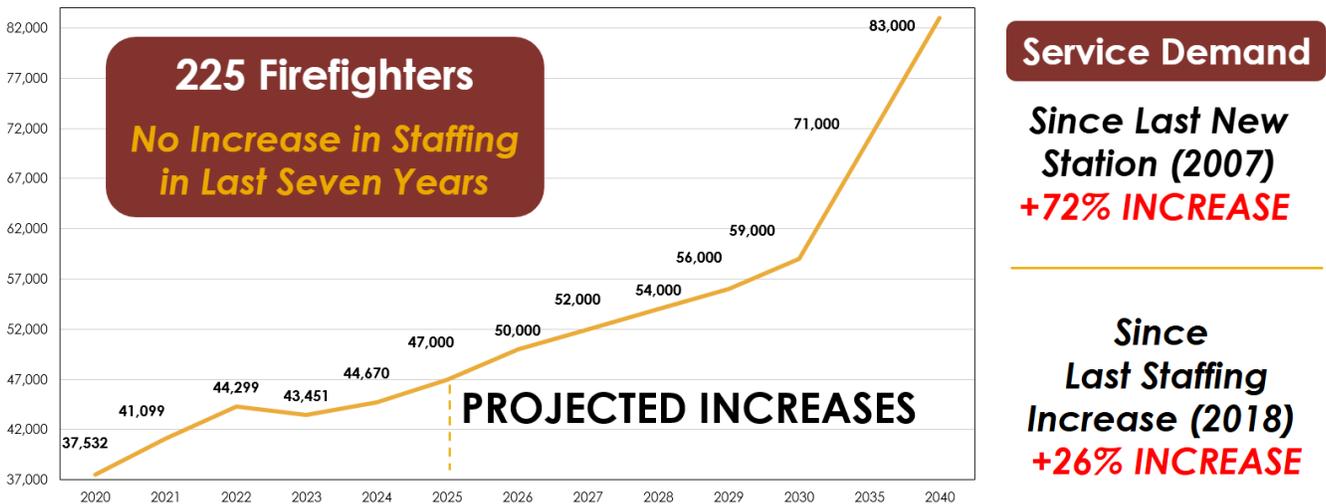
## **DISCUSSION OF THE NEED FOR A REVENUE BALLOT MEASURE:**

The City continues to be a strong fiscal steward of taxpayer dollars and financing a well-run, full-service, large city such as Riverside takes considerable resources. As discussed further below, Riverside has a well-crafted and supported General Fund budget, although the budget is burdened by increased costs due to rising personnel and pension costs, inflation, unfunded state mandates, and notable cost increases in multiple areas, such as cybersecurity threats targeting aging city systems, public safety communications, animal control, liability insurance, and technology, to name a few.

Additional service demands requiring financial support emerge regularly, but none so urgent as the need to ensure the Fire Department has the tools and resources needed to fight fires and save lives. Approximately 70% of all 911 calls to the Riverside Fire Department require emergency medical attention, including for heart attacks and strokes. The American Heart Association says brain deterioration starts between four to six minutes after a person stops breathing. Additional locally controlled funding can ensure Riverside can maintain the emergency response times that save lives. On January 13, 2026, Riverside Fire Chief Steve McKinster presented the Fire Department's comprehensive long-term master plan study called the AP Triton Master Plan Study. This study provides a data-driven assessment of the Riverside Fire Department's emergency response performance, current and projected service demand, and the staffing and infrastructure needed to maintain reliable emergency response as the City grows. The Master Plan identified significant operational, staffing, and infrastructure needs affecting the Fire Department's ability to meet current and future community needs from an operational emergency response perspective.

Key operational findings include:

- Service demand has grown significantly: the Department responded to 44,670 calls in 2024, increasing to over 47,000 calls in 2025, and projected to exceed 50,000 calls for service in 2026. Call volume is projected to reach approximately 71,000 incidents annually by 2035 and 83,000 by 2040.
- Due to increased service demand the Fire Department is not meeting the recommended emergency response time of six minutes. The Study emphasizes the six-minute response-time benchmark as a practical performance threshold for both fire behavior and medical survivability and that response time will continue to decline without investments in personnel, equipment, and facilities.
- The Fire Department is currently understaffed and does not have the equipment or facilities to meet current demand. Riverside has not added a new fire station or frontline apparatus since 2007, while emergency incidents have increased by more than 72% during the same period.
- The current demand profile is resulting in more frequent overload situations created when more than one emergency occurs at the same time thereby stretching fire resources thin and in extreme cases creating response times that are critically slow. The Study concludes that response performance is increasingly constrained by system load and unit availability (call concurrency), not station location alone. As annual call volume grows, system overload conditions are projected to occur more frequently and for longer durations, increasing response times and operational risk.
- The State’s updated Fire Hazard Severity Zone mapping added more than 13,000 Riverside parcels into higher-risk fire areas, increasing wildfire exposure and simultaneous incident potential.



**Fire Department Staffing Needs:** The Department currently operates with 225 firefighters (0.69 per 1,000 residents). In the last five years, calls to our fire department have increased 31%, with a 911 call every 12 minutes, but there has been no increase in the number of firefighters on staff. To correct the current response deficit, AP Triton recommends increasing staffing to approximately 0.95 firefighters per 1,000 residents, which requires adding 84 firefighters to meet today’s demands. To maintain performance as the City grows, the plan then calls for incremental increases of approximately 19 firefighters by 2030, 20 by 2035, and 19 by 2040.

The need to increase the number of firefighters is validated when Riverside Fire Department staffing is compared with the staffing of firefighters in nearby peer cities. As shown in the chart below, Riverside is operating with the thinnest staff of firefighters when compared with other full-service fire departments in the region:

City	Firefighters	Population	Ratio (per 1,000)
Glendale	267	197,000	1.35
Pasadena	160	138,000	1.16
Long Beach	400	449,000	0.89
L.A. City	2,700	4,100,000	0.89
Anaheim	270	350,000	0.77
Corona	129	170,000	0.74
<b>Riverside</b>	<b>225</b>	<b>325,000</b>	<b>0.69</b>

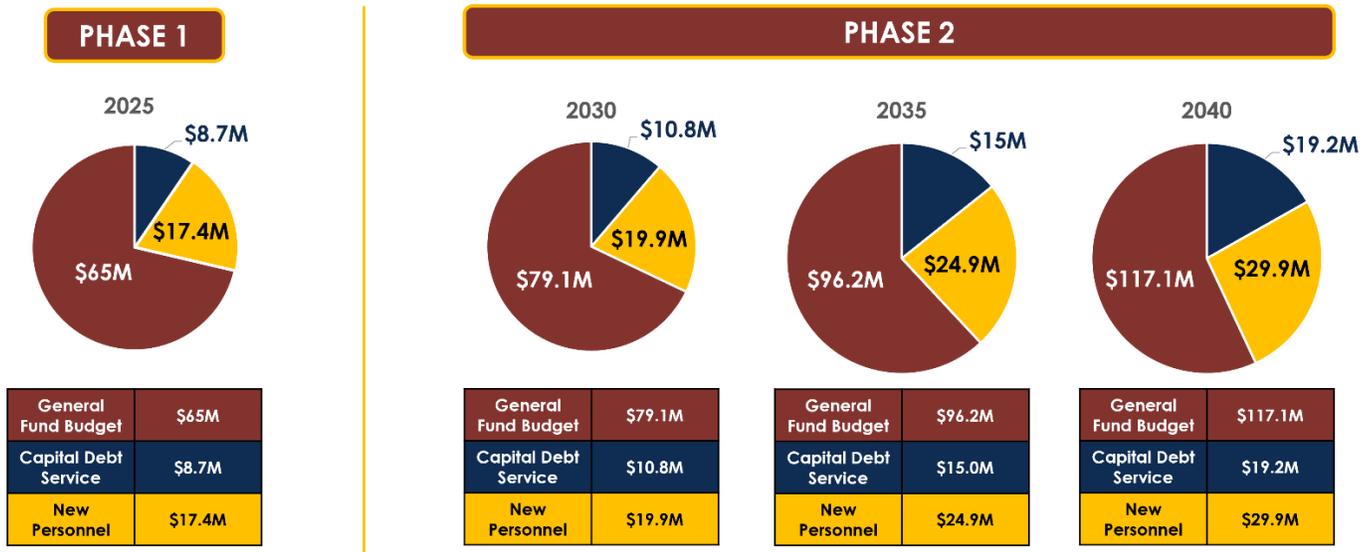
**Fire Department Facility Needs:**

Riverside Fire Department currently operates from 14 fire stations. Riverside has not added a new fire station or frontline apparatus since 2007, while emergency incidents have increased by more than 72% during the same period. The City’s population has grown by nearly 50,000 during that same time period, much in the eastern area of the City. To meet the need today and in the future, new fire stations are needed and current fire stations must be expanded. The Study presented a phased approach as shown below:

Year	Station	Needs
2025	4	Phase 1 - Rebuild / Relocate to accommodate additional unit
	8	Phase 1 - Rebuild / Relocate to accommodate additional unit
	12	Phase 1 - Rebuild / Relocate to accommodate additional unit
	15	Phase 1 – New Construction
	10	Phase 1 - Rebuild / Relocate due to current condition
	16	Phase 1 – New Construction
2028	7	Phase 2 - Rebuild / Relocate to accommodate additional unit
	2	Renovate
2031	9	Phase 2 - Rebuild / Relocate to accommodate additional unit
	3	Renovate
2034	11	Phase 2 - Rebuild / Relocate to accommodate additional unit
	5	Renovate
2037	6	Phase 2 - Rebuild / Relocate to accommodate additional unit
	13	Renovate
2040	14	Phase 2 - Rebuild / Relocate to accommodate additional unit
	1	Renovate

**Fire Department Financial Need:**

The AP Triton Master Plan Study developed a phased expenditure plan through 2040. Phase One is estimated to add approximately \$17.4 million per year in recruiting and retaining qualified firefighters and paramedics as part of the 2026 baseline. By 2040, new firefighter personnel costs are estimated at approximately \$29.9 million annually on top of existing staffing. For needed facilities and equipment, the phased facilities and apparatus program totals roughly \$293 million through 2040, with annual debt service projected at approximately \$8.7 million in the early years, rising to about \$19.2 million per year by 2040. The plan anticipates the Fire Department’s General Fund budget growing from a baseline of about \$65 million to approximately \$117.1 million by 2040 (exclusive of the separate debt service and new firefighter personnel costs). The phased financial plan is shown below:



The AP Triton Master Plan Study identifies a substantial long-term funding gap and does not identify any additional funding sources beyond the existing General Fund and Measure Z allocations, leaving a substantial implementation funding gap that will require future policy decisions, new revenue measures, or reallocation of existing resources.

**Current State of the City of Riverside General Fund Budget:**

The City’s General Budget totals \$373.55 million, when excluding transfers for the Water GFT Escrow and Section 115 Trust, and vacancy factors. Public Safety accounts for 56% of the budget with \$134.2 million allocated to Police and \$76.7 million allocated to Fire. Parks, Arts, & Culture accounts for \$59.1 million of the budget or 16% followed by Public Works with \$35.34 or 9% of the allocated budget. Collectively, these three categories account for 81% of FY2025/26 General Fund Budget.

The Fiscal Year 2024/25 Fourth Quarter Financial Report indicates the General Fund concluded the year in a stable position, supported by higher-than-anticipated revenues and expenditure savings in several categories. The Fourth Quarter Report also summarizes the City’s General Fund reserve structure, totaling approximately \$259.10 million across non-spendable, committed, assigned, and unassigned categories, including 20% policy reserves (\$76.43 million), infrastructure reserves (\$11.71 million), a Water GFT escrow (\$16.63 million), and Section 115 Trust-related reserves and balances that support pension cost stabilization.

The biennial budget process and mid-cycle updates use multi-year revenue and expenditure trends to align General Fund allocations with the City’s adopted priorities and initiatives, allowing timely adjustments as conditions change. Departments refine forecasts, rebalance funding, and phase projects so that core services and programs remain sustainable within projected resources. These efforts occur within a constrained fiscal environment where General Fund revenues are highly sensitive to residents’ economic conditions, including employment, consumer spending, property values, and cost-of-living pressures.

Slowing revenue growth, rising personnel and pension costs, inflationary cost increases, and the pace of local economic development all challenge the City’s ability to keep recurring costs in line with ongoing revenues. As a result, the City must continually monitor fiscal trends, adjust service

levels and capital timing, and carefully steward revenue dollars to preserve long-term budget stability in an effort that only keeps pace with current service levels.

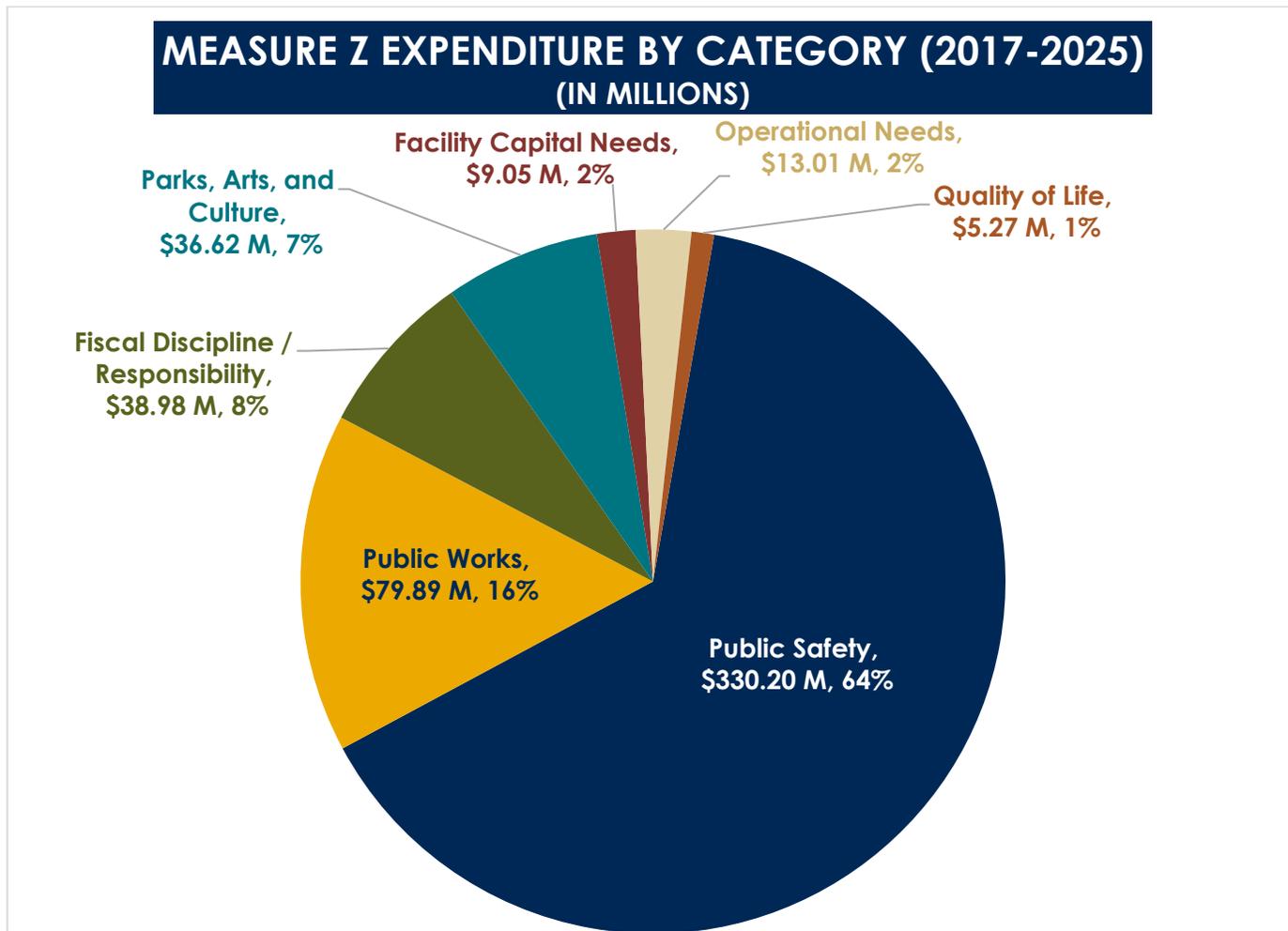
City Staff is currently developing the FY2026-2027 budget which starts on July 1, 2026. The current budget draft includes General Fund and Measure Z cost reductions in excess of \$17 million needed to support current operations while accounting for increased costs due to a flattening of sales tax and property tax revenue combined with upward expenditure pressures due to inflation, ongoing deferred maintenance costs, increases in public safety overtime costs to meet service demands, rising pension costs, labor costs under updated MOUs, and notable increases in insurance/claim liability costs, animal control, cybersecurity risks from outdated systems across City operations, and technology and communications costs related to police and fire operations. Loss of state and federal funding is a reality resulting in additional pressure on the city budget. These dynamics reinforce the importance of maintaining reserves and aligning ongoing service levels with ongoing revenues – meaning in short, reducing expenditures to live within our means while minimizing the impact on service delivery across all departments.

Despite these anticipated spending cuts in the General Fund and Measure Z, however, there are limited resources available to meet the emergent needs identified in the Fire Department and other city services. Nor are there resources available for a range of identified needs in the Police Department, such as helping to prevent property crimes, addressing homelessness, and increased costs in other departments such as street repaving and pothole repair, improvements to senior centers, and long overdue upgrades to the city's finance, permitting, work order, and 311 service request systems — many of which are past their useful life, creating cybersecurity vulnerabilities, service delays, and inefficiencies that increase staff workload and operating costs.

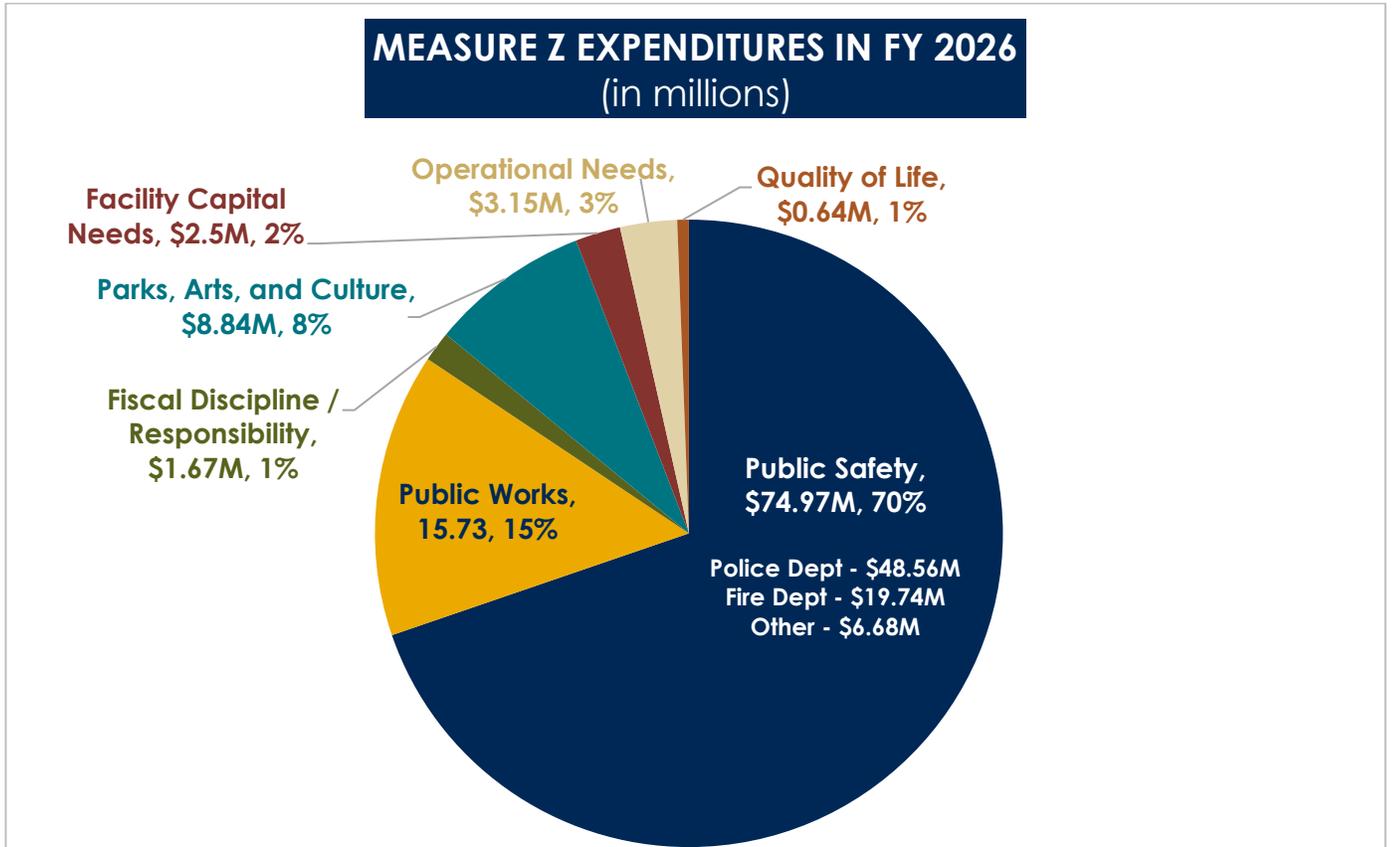
Funds are also necessary for city departments outside of Police and Fire in order to protect against the risk of wildfires and to meet emerging needs. Public Works, Parks and Recreation, and General Services control considerable public land requiring regular clearing of potential fire fuel; the City Attorney's Office and Code Enforcement will require funding to enforce the City's fire prevention ordinances; Marketing and Communications will require funding to consistently notify and inform residents and businesses of their obligations concerning wildfire prevention; and Emergency Services will require funding to prepare for community wildfire response and conduct exercises to ensure staff and the public is prepared in the event of a wildfire, earthquake, or other disaster. Emerging and growing needs such as cybersecurity protection and technology lifecycle maintenance to keep City systems reliable, secure, and efficient, homelessness prevention and response, services for our growing senior population, and road/paving repairs, will also require additional funding. Road repaving alone is estimated to require an additional \$105 million each year over a five year period to improve all city streets to a pavement condition index of "70."

**Measure Z:** Contained within the overall General Fund budget is a subset of funding managed separately as the "Measure Z Fund," referencing a revenue measure placed on the November 2016, ballot consisting of a 1 cent (1%) Transactions and Use (Sales) Tax. Approved by the voters, Measure Z was intended to help restore critical services eliminated in FY2015/2016 budget, as well as to start addressing over \$40 million of other critical needs, such as first responder staffing and vehicles, road and tree maintenance, and building repair and maintenance. By City Council policy, Measure Z revenue has been allocated since inception as follows:

Public safety has received \$330.2 million or 64% of total funding consisting of \$215.5 million allocated to the Police Department; \$100.1 million allocated to the Fire Department; and \$14.6 million allocated to other public safety support. Public Works has received \$79.89 million or 16% of Measure Z for street and road improvements, tree trimming, vehicle/equipment needs, and sidewalk repair. Collectively, these two categories account for 80% of all Measure Z funding since its passage in 2016.



In the current FY2025/26 budget Measure Z funding is allocated as follows:



From the beginning Measure Z raised more revenue annually than anticipated; however, spending remained at a lower level, creating a surplus of funds. At City Council’s direction the Measure Z surplus has been spent down to its current level by spending more on one-time expenditures such as road paving, tree trimming, and deferred park and building maintenance. However, Measure Z has experienced two consecutive years of declining revenue and rising ongoing costs that would create deficits if current spending levels persist. The current Measure Z spending plan approved by City Council in June, 2025, is attached for reference.

Measure Z alone is not sufficient to meet the infrastructure and staffing needs identified by the recent Riverside Fire Department study, as shown below:

YEAR	MEASURE Z AVAILABLE	NEEDED	UNFUNDED NEED
<b>Phase 1: Correct our Response Capability (Immediate Need)</b>			
2025	Fully Committed	\$26.1	\$26.1
2026	Fully Committed	\$26.1	\$26.1
2027	Fully Committed	\$26.1	\$26.1
<b>Phase 2: Maintain our Response Capability (Sustained Growth)</b>			

<b>2028</b>	Fully Committed	\$30.7	\$30.7
<b>2029</b>	\$1.6	\$30.7	\$29.1
<b>2030</b>	\$3.5	\$30.7	\$27.2
<b>2031</b>	\$2.5	\$35.3	\$32.8
<b>2032</b>	\$4.0	\$35.3	\$31.3
<b>2033</b>	\$6.0	\$35.3	\$29.3
<b>2034</b>	\$8.0	\$39.9	\$31.9
<b>2035</b>	\$13.0	\$39.9	\$26.9
<b>2036</b>	\$14.0	\$39.9	\$25.9
<b>2037</b>	Measure Z Sunsets	\$44.2	\$44.2
<b>2038</b>		\$44.2	\$44.2
<b>2039</b>		\$44.2	\$44.2
<b>2040</b>		\$49.1	\$49.1

As noted, Measure Z will sunset in ten years unless extended by the voters, further widening the public safety funding gap. To meet this gap both a renewal of Measure Z beyond 2036 and a new revenue source will be necessary.

**POSSIBLE REVENUE BALLOT MEASURES FOR JUNE 2, 2026**

As requested by City Council at its meeting on January 27, 2026, Staff has developed multiple ballot measure options for Council consideration, each with distinct revenue potential, cost implications, and policy outcomes for city services. Draft ballot question and ordinance language are provided for every measure, structured to meet Elections Code requirements and to clearly and impartially describe the use of proceeds for voters. The Elections Code limits ballot questions to 75 words. The City Attorney’s Office has reviewed the proposed ballot questions for compliance with the Elections Code.

Each option proposes a **general tax (supports general government purposes)**, which requires five votes from the City Council for placement on the ballot, and a **majority (50% +1) voter approval**.

**OPTION A AND STAFF RECOMMENDATION: EXTEND AND UPDATE MEASURE Z FROM 1.0% SALES TAX TO 1.25% SALES TAX**

**A. MEASURE DESCRIPTION**

Staff recommendation to meet the pressing needs to meet resident City service demands is updating Measure Z beyond its sunset to until ended by voters, while simultaneously increasing the rate by ¼ cent (0.25%), creating a combined 1 ¼ cent (1.25%) local sales tax (total citywide rate: 9.00%). Measure Z is currently generating \$83-86 million annually. A new ¼ cent (0.25%) incremental sales tax increase is estimated to generate approximately \$21 million annually (once fully implemented). This is a combined revenue of approximately \$103-106 million. The new revenue generated combined with extending Measure Z is sufficient to address the identified need to expand Riverside’s fire safety and emergency response needs, as well as to potentially address other needs in the Police Department such as drone technology, in the Innovation Technology (IT) department such as increased cost of cybersecurity and long overdue replacement of the city's core technology systems some dating to 1996 that are no longer supported by vendors, expose the City to security breaches, and require costly workarounds that slow service delivery and burden staff, in Parks, Recreation, and Community Services such as increased demand for senior services and facilities, and other city departments.

**B. PROPOSED BALLOT LANGUAGE.** A single ballot question as shown below.

*City of Riverside Services Renewal Measure*

*To continue maintaining general local city services such as 911, fire, police response; preparing for wildfire; recruiting/retaining well-trained firefighters/paramedics; preventing crime; keeping public areas safe/clean; addressing homelessness; repairing potholes/roads; shall a measure renewing the existing City of Riverside voter-approved transaction and use (sales) tax at an updated 1¼¢ rate, providing approximately \$106,000,000 annually until ended by voters, requiring audits, spending disclosure, all funds controlled locally, be adopted?*

**Best For:** Comprehensive long-term fiscal planning combining preservation and growth

**C. SPENDING PLAN (REQUIRED FOR GENERAL TAX)**

The 0.25% sales tax revenue would support the following general governmental purposes:

1. Public safety (police and fire operations, staffing, facilities, emergency response capacity)
2. Street and infrastructure maintenance and repair including street paving to improve the city’s overall Paving Condition Index
3. Homelessness response including temporary shelter beds, case management, encampment removals, and homelessness prevention programs
4. Wildfire prevention
5. Maintenance and operation of City facilities including HVAC repair and upgrades, roof repairs, garage safety improvements, and electrical upgrades. Other essential city services as determined by the City Council

The corresponding Resolution and Ordinance are attached to this report as Attachments 1 and 2.

**OPTION B: NEW (STAND ALONE) SUPPLEMENTAL 0.25% RETAIL TRANSACTION AND USE TAX**

**A. MEASURE DESCRIPTION**

Option B proposes the implementation of a new ¼ cent (0.25%) retail transaction and use tax (sales tax) to be added to Riverside's existing 8.75% combined rate, bringing the total to 9.00%. The estimated annual revenue impact to the City is approximately \$21 million once fully implemented.

**B. PROPOSED BALLOT LANGUAGE.** A single ballot question as shown below.

*City of Riverside Services Protection Measure*

*To maintain City of Riverside’s general city services such as 911, fire, police response; help prevent crime; prepare for/respond to wildfires; keep public areas safe/clean; recruit/retain well-trained firefighters/paramedics and police; address homelessness; repair potholes/roads; support senior services; shall the measure establishing a ¼¢ transaction and use (sales) tax, providing approximately \$21,000,000 annually until ended by the voters, requiring audits, public spending disclosure, all funds controlled locally, be adopted?*

The corresponding Resolution and Ordinance are attached to this report as Attachments 3 and 4.

**OPTION C: INCREASE TRANSIENT OCCUPANCY TAX (TOT) AND EXTEND MEASURE Z**

**A. MEASURE DESCRIPTIONS**

Option C proposes a two-ballot question mix with one ballot measure extending Measure Z at its current level **and** one ballot measure increasing the Transient Occupancy Tax from the current 13% to 14%.

**B. EXTEND MEASURE Z PROPOSAL**

Option C extends Riverside's existing 1.00% Measure Z transactions and use tax, originally adopted in 2016, beyond its current 2036 expiration date.

**CURRENT MEASURE Z PERFORMANCE**

<b>Fiscal Year</b>	<b>FY 22-23</b>	<b>FY 23-24</b>	<b>FY 24-25</b>	<b>FY 25-26</b>	<b>FY 26-27</b>	<b>FY 27-28</b>
<b>Revenue (\$M)</b>	\$84.0	\$81.9	\$81.3	\$83.3	\$83.5	\$86.0

**PROPOSED BALLOT LANGUAGE**

*City of Riverside Services Protection Measure*

*Without raising the tax rate, to maintain City of Riverside’s general city services such as 911, fire, police response; prepare for/respond to wildfires; recruit/retain well-trained firefighters/paramedics; prevent crime; keep public areas safe/clean; address homelessness; shall the measure renewing the existing voter-approved Measure Z 1¢ transaction and use (sales) tax, providing approximately*

*\$83,000,000 annually, until ended by the voters; requiring independent audits, spending disclosure, funds remaining for Riverside, be adopted?*

**C. INCREASE TRANSIENT OCCUPANCY TAX (TOT) PROPOSAL**

Option C proposes increasing the Transient Occupancy Tax from the current 13% to 14%.

**CURRENT TOT PERFORMANCE AND GROWTH PROJECTIONS**

<b>Fiscal Year</b>	<b>FY 22-23</b>	<b>FY 23-24</b>	<b>FY 24-25</b>
<b>TOT Revenue</b>	\$8.6M	\$8.7M	\$8.9M

The City currently has 26 hotels and approximately 2,175 rooms available for occupancy. Additionally, there is planned expansion of 7 new hotels under development, adding approximately 1,000 rooms (total future inventory: 3,100+ rooms). The development pipeline of new hotels alone is projected to generate approximately \$6.8 million annually in additional TOT revenue once fully operational.

**REGIONAL TOT COMPARISON**

<b>City</b>	<b>TOT Rate</b>	<b>TBID Rate</b>	<b>Combined Rate</b>
Riverside (Current)	13.00%	0.00%	13.00%
Riverside (Proposed)	14.00%	1-2%	15.00-16.00%
Ontario	11.75%	2.00%	13.75%
Palm Springs	11.5-13.5%	1.00%	12.5-14.5%
San Diego	11.75-13.75%	2.00%	13.75-15.75%
Los Angeles	14.00%	1.50%	15.50%
Anaheim	15.00%	2.00%	17.00%

A 1% increase in TOT revenue generates approximately \$640,000 in additional annual TOT revenue.

**PROPOSED TOT BALLOT LANGUAGE**

*City of Riverside Hotel Tax Measure*

*To maintain local funding federal/state governments cannot take and City funds for services such as public safety; youth/senior programs' libraries/parks; improve the City of Riverside Convention Center to promote tourism/economic growth, shall the measure updated the City's existing transient occupancy tax (paid only by hotel/motel guests) from 13% to 14%, providing approximately \$640,000 annually until ended by voters; requiring audits and public spending disclosure, be adopted?*

Additional funding will assist with expanding the Riverside Convention Center, supporting the hotels, restaurant, and cultural venues benefiting from the increased number of visitors to Riverside. Expanding the Convention Center from 50,000 sq. ft. to 150,000 sq. ft. is estimated at \$200 million capital cost (approximately \$17.5 million annually in 30-year taxable municipal bond debt service). This expansion is designed to increase occupied hotel nights from 19,000 to 39,000 annually, generating sufficient TOT revenue to support debt service obligations.

The corresponding Resolutions and Ordinances for this option are attached to this report as Attachments 5 through 8.

## **OPTION D: PLACE NO REVENUE MEASURES ON THE JUNE 2, 2026 BALLOT**

### **RECOMMENDATIONS AND OBSERVATIONS**

The June 2026 election represents a critical opportunity. If Council does not place a revenue measure on the ballot now, the next available election cycle is 2028—and Measure Z's 2036 expiration will approach with limited time for planning and implementation.

This analysis presents City Council with several options to address Riverside's long-term revenue needs through three distinct options, each offering different policy outcomes, revenue projections, and fiscal impacts. The choice among these options will shape the City's ability to maintain public safety, address homelessness, reinvest in infrastructure, and preserve quality of life over the next decade and beyond.

Based on the Fire Department's identified operational, staffing, and capital requirements, as well as the impending Measure Z "cliff" in 2036, staff recommends that City Council designate Option A (extend and increase Measure Z) as the preferred revenue measure for the June 2, 2026, ballot. Option A is the only single measure that both prevents the loss of approximately \$83–86 million in existing Measure Z revenue and generates an additional estimated \$21 million annually, for a combined total of approximately \$103–106 million in ongoing revenue to support critical services. This comprehensive approach maximizes fiscal stability and provides the greatest flexibility to respond to emerging community priorities. As shown in the City's FY 2024/25 Fourth Quarter Financial Report, the General Fund remains stable but faces structural cost pressures and out-year risks. Stable, predictable ongoing revenues are necessary to preserve service levels, address deferred maintenance, and implement the Riverside Fire Department's long-term staffing and facilities plan.

Should Council wish to consider a phased or paired strategy, Options B (New ¼ cent Sales Tax) and C (Measure Z extension and TOT increase) may serve as complementary tools; however, they do not, individually or together, provide the same level of structural protection against the 2036 Measure Z expiration as Option A.

Placing a measure on the June 2, 2026, ballot provides an opportunity for the voters to decide on the desired level of fire protection, police protection, wildfire prevention, senior services, road paving condition, public building and park maintenance, and replacement of aging City technology systems to reduce cybersecurity risk, eliminate service disruptions, and improve the efficiency of everyday resident services such as bill payment, 311 requests, and permitting *which* new revenue may fund. As a general tax, the measure requires 50% +1 voter approval to pass. Should Council place a measure on the ballot City Staff will conduct robust community outreach and education

campaign designed to objectively inform voters of the measure(s) such to allow informed decision making by the public.

### Impartial Analysis and Ballot Arguments

Pursuant to California Elections Code Section 9280, the City Attorney shall prepare an impartial analysis of the measure, showing the effect on the measure on the existing laws and the operation of the measure.

California Elections Code Section 9282(b) provides:

"For measures placed on the ballot by the legislative body, the legislative body, or any member or members of the legislative body authorized by that body, or any individual voter who is eligible to vote on the measure, or bona fide association of citizens, or any combination of voters and associations, may file a written argument for or against any city measure."

Authors must submit ballot arguments not to exceed 300 words in length to the City Clerk within 14 days. A ballot argument may not be accepted unless accompanied by the printed name(s) and signature(s) of the author(s), or, if submitted on behalf of an organization, the name of the organization and the printed name and signature of at least one of its principal officers who is the author of the argument. No more than five signatures shall appear with any argument. If any argument is signed by more than five authors, the signatures of the first five shall be printed.

If the City Clerk receives more than one argument for or more than one argument against any City measure, the City Clerk shall select one of the arguments in favor and one of the arguments against the measure for printing and distribution to voters. In selecting the argument, the City Clerk shall give preference and priority, in the order named, to the arguments of the following:

1. The legislative body, or member or members of the legislative body authorized by that body.
2. The individual voter, or bona fide association of citizens, or combination of voters and associations, who are the bona fide sponsors or proponents of the measure.
3. Bona fide associations of citizens.
4. Individual voters who are eligible to vote on the measure.

If both an argument in favor and an argument against are submitted, the author or a majority of the author(s) of an argument may submit rebuttal arguments not to exceed 250 words in length within 10 days of the ballot argument deadline. Rebuttal arguments may be signed by up to five authors.

### **FISCAL IMPACT:**

There is no fiscal impact associated with receiving and filing this report. This report provides revenue measure options, draft ballot language concepts, and policy considerations for City Council direction; it does not itself adopt a tax, authorize expenditures, other than associated election costs, or appropriate funds.

Any measure advanced to the ballot will carry one-time election costs estimated to be \$342,300 per ballot measure.

If City Council directs staff to proceed with one or more measures for the June 2, 2026 ballot, staff will return for detailed fiscal impact analysis, and an outreach and educational plan. Depending on the option selected, the potential ongoing annual revenue impacts are generally: (A) a combined Measure Z extension and 0.25% increase, approximately \$103 million to \$106 million annually in

combined ongoing revenue (continuation plus increment); (B) a new 0.25% general transactions and use tax, approximately \$21 million annually once fully implemented; (C) Measure Z extension, continuation of approximately \$83 million to \$86 million annually beyond 2036, and a 1% TOT increase, approximately \$640,000 annually under current hotel inventory, with additional growth potential as new hotels come online; and (D) no action to place a revenue measure on the ballot.

Prepared by: Mike Futrell, City Manager  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
Approved by: Mike Futrell, City Manager  
Approved as to form: Rebecca McKee-Reibold, Interim City Attorney

Attachments:

1. Option A Resolution
2. Option A Ordinance
3. Option B Resolution
4. Option B Ordinance
5. Option C Resolution – Measure Z Renewal
6. Option C Ordinance – Measure Z Renewal
7. Option C Resolution – TOT
8. Option C Ordinance – TOT
9. Current Measure Z Spending Plan
10. Presentation