

## RESOLUTION NO. 6414(21)

### A Resolution of the City Council of the City of Lompoc, County of Santa Barbara, State of California, Unanimously Declaring A Fiscal Emergency Pursuant To Article XIII C Section 2(b) Of The California Constitution

**WHEREAS**, under the provisions of the laws of the State of California, a special mail-in only municipal election may be held on August 31, 2021, for the City of Lompoc (City) electorate to decide on whether to change the taxing structure for cannabis manufacturing and distribution operations; and

**WHEREAS**, pursuant to Article XIII C, Section 2(b) of the California State Constitution, an election to impose a general tax is required to be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by unanimous vote of the City Council; and

**WHEREAS**, the City Council may act to submit to the voters at the election to be held on August 31, 2021 – an election which does not include the election of a person to membership on the City Council – a question related to the imposition of a general tax which, if adopted would assist the City in its efforts to maintain revenue levels, to provide cannabis regulatory obligations and to provide municipal services at a level reasonably expected by the City residents and businesses; and

**WHEREAS**, the City is experiencing an existing and immediate funding crisis, which is the result of factors largely outside of its control, primarily resulting from State-required pension obligations under the California Public Employees' Retirement System (CalPERS), the uneven and slow recovery from the Great Recession, unpredictable decreases in revenues, the loss of revenues from the State's dissolution of redevelopment, the inadequacies of State actions to replace redevelopment, the continued State takeaways of local revenues, the increased burdens resulting from regulation of the cannabis industry, the COVID 19 pandemic and unforeseen increases in the City's operational costs; and

**WHEREAS**, in recent years, significant increases in staffing costs, programmatic costs and unfunded liabilities have severely impacted the City's General Fund budget. The most recent biennial budget deficit, prior to City Council reductions, was calculated to be **\$3.6 Million** after all salaries, unfunded accrued liabilities for pensions (UAL), and revenue estimates were analyzed. UAL pursuant to CalPERS have particularly placed severe pressure on the City's General Fund budget and, as a State mandate, are not within the City's control. The City's UAL just for CalPERS obligations is currently \$93 million—a 163% increase (from \$35M) over last 8 years. Further, total annual CalPERS payments are projected to grow from \$9M (2020) to \$13M by 2025; and

**WHEREAS**, the structural deficit in the City's General Fund has resulted in the reduction of vital City services and programs that are a priority for its citizens, such as the elimination of positions and programs in police, fire services, community development, planning, library, code enforcement, parks, recreation and general City staffing levels. The City's structural budget deficit has thus already impacted essential City services, and such vital City services—like police, fire and street maintenance—will only continue to be reduced or eliminated if the City is unable to secure a new, fiscally-sustainable revenue stream; and

**WHEREAS**, the City has exhausted its efforts to balance its General Fund by reducing expenditures without a tax measure, but such efforts are unable to resolve the fiscal crisis given current market conditions, the extreme deficits and rising costs relating to UAL, growing capital improvement program needs, increased cannabis operators and added responsibilities due to those operations and other fiscal conditions outside the City's control; and

**WHEREAS**, the City continues to attempt to maintain the same levels of public safety in the Lompoc Police Department, the Lompoc Fire Department and City staff. Nonetheless, the City has had to eliminate the entire Code Enforcement program, which included a Senior Code Enforcement Officer and Development Services Specialist. The City also eliminated the Economic Development program, which included an Office Staff Assistant, as well as two full-time Planning positions. Also included was a reduction in police staffing from 47 full-time officers to 44 full-time officers; and

**WHEREAS**, while many of the surrounding cities have recaptured losses in property valuations and corresponding property tax revenues, and while many of the property values in the surrounding communities have now reached or exceed their pre-Great Recession levels, the property values and property tax revenues in Lompoc have been among the slowest to recover Countywide and have not yet reached the pre-Great Recession levels. This slow recovery of property values could not have been foreseen in 2008; and

**WHEREAS**, the City has taken significant steps to reduce its operational expenses and the following City services have been impacted by the budget reductions, including but not limited to:

- Police Department;
- Fire Department;
- Community Development Department;
- Library Department;

- Streets Division;
- Planning Division; and
- Building Division.

**WHEREAS**, despite the City's sound management and disciplined control of its financial health, the City's ability to sustain local services and maintain streets, roads and other vital infrastructure has been seriously eroded; and

**WHEREAS**, the best interests of the residents and businesses of the City are better served by avoiding further cuts to essential City services; and

**WHEREAS**, Proposition 218 permits the City Council to call a special election for the voters to consider imposing, increasing or extending a general tax if the City Council finds, by a unanimous vote, there exists an emergency requiring a special election to be conducted earlier than the next regularly scheduled general election at which City Council members are to be elected; and

**WHEREAS**, the next regularly scheduled general election at which City Council members are to be elected is not until November 8, 2022; and

**WHEREAS**, for the following reasons, the health, safety and general welfare of the citizens of the City would be endangered if the City were unable to place this Measure before its voters prior to November 8, 2022; and

**WHEREAS**, the City's fiscal crisis herein described is of sufficient gravity and severity the City Council may propose the electorate approve an ordinance to change the tax structure for cannabis manufacturing and distribution; and

**WHEREAS**, presently the City has, as approved by the City's electorate, a simple two-step flat tax for manufacturing and distribution operations, which does not provide sufficient revenue for the City to cover all the costs associated with regulating such operations and other fundamental City services. An amendment to that current simple two-step flat tax shall be operative if a majority of the electors voting on the measure vote to approve the changes to the current taxing structure for cannabis manufacturing and distribution operations at an election called for that purpose.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOMPOC, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** The foregoing recitals are true and correct and are hereby incorporated and made an operative part of this Resolution.

**SECTION 2.** The City Council hereby unanimously finds and declares a fiscal emergency, as the term “emergency” is used in Article XIII C, Section 2(b) of the California Constitution, now exists in the City of Lompoc justifying calling for a special mail-in only municipal election on August 31, 2021, that would allow the City to propose, and the City voters to consider, adoption of a general tax measure intended to address that emergency by ensuring the City has the resources necessary to preserve the public health, safety and welfare.

**SECTION 3.** The City Council directs City staff to investigate and recommend further actions necessary to alleviate impacts of the conditions supporting the findings herein and to develop local control over funds needed to protect essential City services.

**SECTION 4.** The City Clerk shall certify to the passage and adoption of this Resolution. This Resolution shall be effective immediately upon passage and adoption.

The foregoing Resolution was proposed by Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and was duly passed and adopted by the Council of the City of Lompoc at its regular meeting on June 1, 2021, by the following vote:

AYES: Council Member(s):

NOES: Council Member(s):

ABSENT: Council Member(s):

\_\_\_\_\_  
Jenelle Osborne, Mayor  
City of Lompoc

ATTEST:

\_\_\_\_\_  
Stacey Haddon, City Clerk  
City of Lompoc