

RESOLUTION NO. 6433(21)

**A Resolution of the City Council of the City of Lompoc,
County of Santa Barbara, State of California,
Rescinding Resolution No. 6415(121); and
Ordering the Submission to the Qualified Electorate of
The City of Lompoc Changes to the Tax Structure for
Cannabis Manufacturing and Distribution Operators for
General Fund Purposes and Other Changes to the Regulations and
Definitions Applicable to the Cannabis Industry in Lompoc at
a Special Election on [November 2, 2021/June 7, 2022]; Calling Such Election;
[Directing the City Clerk to Engage the County Elections Department
to/Requesting the Santa Barbara County Board of Supervisors to Have the
County Elections Department] Conduct the Election for the City; and
Authorizing City Payment for Election Activities**

WHEREAS, Lompoc residents strongly prioritize maintaining and protecting key services that enhance public safety, maintain property values, prevent violent crimes and gangs, assist at-risk youth, support fire protection services, prevent graffiti and vandalism, improve 9-1-1 medical response times, address homelessness, regulate cannabis operations, and provide additional police officers and neighborhood patrols; and

WHEREAS, the City of Lompoc (City) has also heard a great deal from the community about their desire for improved streets, pothole repair, and the betterment of parks, library and recreational services. City streets in particular have suffered as a result of substantially increasing costs and unfunded liabilities imposed upon the City in recent years. City streets are underfunded and they are continuing to deteriorate; 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. Unfunded accrued liabilities pursuant to the California Public Employees Retirement System (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 eight 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 Lompoc's 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 efforts to balance its general fund by reducing expenditures without an additional 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 and other fiscal conditions outside the City's

control. 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. On July 6, 2021, the City Council unanimously adopted Resolution No. 6432(21) declaring a Fiscal Emergency; and

WHEREAS, in order to preserve vital City services the City must identify a reliable source of locally controlled funding. To this end, the City Council proposes this ballot measure to the electorate for changes to the taxing structure for cannabis manufacturing and distribution operators to preserve City services; and

WHEREAS, Article XIII C, Section 2 of the California Constitution authorizes the City Council to impose a general tax if approved by a majority vote of the qualified electors; and

WHEREAS, if approved by the voters, the tax ordinance would provide Lompoc with locally controlled funding for City services, including, without limitation, street maintenance, maintaining 9-1-1 emergency response times, fighting gangs and drugs, maintaining programs that attract businesses and create jobs, maintaining emergency communication systems, fixing City streets, addressing homelessness, regulating the cannabis industry, and providing additional police officers and neighborhood patrols. Proceeds from the revenue would also be available to the City for purposes of the City paying down its State-mandated CalPERS obligations, thus freeing City General Fund revenues for use towards the City services prioritized by Lompoc citizens; and

WHEREAS, California Constitution, article XIII C, section 2, provides an election regarding a general tax must be consolidated with a regularly scheduled general municipal election for members of the City Council unless a Fiscal Emergency is unanimously declared by the City Council. On July 6, 2021, the City Council did unanimously declare a Fiscal Emergency as a prerequisite to the holding of a special election on a general tax; and

WHEREAS, on the basis of the foregoing, following a hearing on July 6, 2021, the City Council determines it is appropriate to place a measure before the voters at the **[November 2, 2021/June 7, 2022]**, special election, regarding changes to the City's taxing structure for cannabis manufacturing and distribution operations with no sunset.

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. Resolution No. 6415(21) is hereby rescinded.

SECTION 3. The City Council orders submitted to the voters at the special election on **[November 2, 2021/June 7, 2022]**, the following question:

<p>Shall a measure, (i) imposing a graduated tax ranging from 0.5 cents per dollar to 2.5 cents per dollar, at half-cent increments, on five levels of Lompoc cannabis manufacturing/distribution operators' annual revenues ranging from \$10,000,000 or less to over \$55,000,000, with no sunset clause, estimated to collect \$1,200,000 annually based on currently established operations, (ii) excluding sales/excise taxes from City cannabis tax calculations and (iii) allowing receipts to show those taxes, be adopted?</p>	YES
	NO

SECTION 4. Upon approval of the voters of the City of Lompoc, the Lompoc Municipal Code shall be amended to amend various sections and subdivisions of Chapter 3.50 of Title 3, establishing a new tax structure for cannabis manufacturing and distribution operations. The proposed complete text of the measure submitted to the voters is attached hereto as Exhibit "A". This question requires the approval of a majority of those casting votes. The City Council hereby proposes and approves the ordinance, the form thereof attached hereto as Exhibit "A," shall be submitted to the voters of the City.

SECTION 5. That pursuant to the requirements of the California Elections Code, sections 306, 1000, and 9222, there is called and ordered to be held in the City of Lompoc, California, on Tuesday, **[November 2, 2021/June 7, 2022]**, a special election for the purpose of submitting to the voters of the City of Lompoc the ordinance attached hereto as Exhibit "A." As required by Elections Code Section 13247, the abbreviated form of the measure to appear on the ballot is specified above in Section 3 of this Resolution. The City's designated elections official is hereby authorized and directed to make any changes to the text of the proposition or this Resolution as required to conform to any requirements of law. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 6. Notice of the time and place of holding the election is hereby given, and the City Clerk is authorized, instructed, and directed to give further or additional notice of the election, in time, form, and manner as required by law. Pursuant to California Elections Code, section 9295, the measure will be available for public examination for no fewer than ten (10) calendar days prior to being submitted for printing in the voter information guide. The City Clerk shall post notice in the Clerk's office of the specific dates that the examination period will run.

SECTION 7. Pursuant to the requirements of **[Sections 10240-10243/Section 10403]** of the Elections Code, the Board of Supervisors of the County of Santa Barbara is hereby requested to consent and agree to the **[conducting/consolidating]** a Special Municipal Election **[on November 2, 2021/with the Statewide Primary Election on Tuesday, June 7, 2022]** for the purpose of submitting to the voters the ballot question relating to the changes to the City's cannabis tax regulations identified in Section 3 of this Resolution. The City Council authorizes the Registrar of Voters to **[conduct/consolidate]** the Special Municipal Election **[on November 2, 2021/with the established election on June 7, 2022, for the ease and convenience of the registered voters and to take advantage of any cost savings possible by such**

consolidation. The consolidated election will be held and conducted in the manner prescribed in Elections Code Section 10418.]

- a) The City Clerk shall, not later than the 88th day prior to the Special Municipal Election to be held on Tuesday, **[November 2, 2021/June 7, 2022]** (or any earlier date as required by the County), file with the Board of Supervisors and the County Clerk – Registrar of Voters of the County of Santa Barbara, State of California, a certified copy of this Resolution.
- b) The County Election Department is authorized to canvass the returns of said election. The election shall be held in all respects as if there were only one election, and only one form of ballot shall be used. Pursuant to California Elections Code Sections **[10240-10243/10403 and 10418]**, the election will be held and conducted in accordance with the provisions of law regulating a Statewide Election.
- c) The Santa Barbara County Board of Supervisors is requested to issue instructions to the County Election Department to take any and all steps necessary for the holding of the consolidated election. The City Clerk may request the assistance of the County Elections Department in regard to said election, as the City Clerk deems necessary.
- d) The City Council determines and declares the City will pay to the County the reasonable and actual expenses incurred by the County by **[conducting the Special Municipal/consolidating the Special Municipal Election with the Statewide Primary]** Election. The City shall reimburse the County for services performed when the work is completed and upon presentation to the City of a properly approved bill. The City Manager of the City of Lompoc is authorized and directed to pay for the expenses incurred after receiving a statement from the County of Santa Barbara.

SECTION 8. This Resolution shall become effective upon its 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 July 6, 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

Exhibit A: Ordinance No. 1681(21)