

Budget Strategy Starts with a Choice: Control Costs or Grow Revenue

At the most fundamental level, local governments have only two ways to influence their budget outlook:



- **Cost Control**
 - Reduce or slow the growth of spending
 - Involves staff cuts, service reduction, or deferral of maintenance
 - Prioritizes balancing the budget in the short term, but may erode long-term capacity
- **Revenue Enhancement**
 - Increase the amount of recurring income available to the General Fund
 - Requires intentional strategy to grow tax base, attract investment, or monetize assets
 - Harder to implement but essential for long-term resilience and flexibility

Typical Strategies Cities Use

❖ Primary Strategy: Expense Reduction

- Hiring Freezes or Attrition-based Workforce Reductions
- Deferred Capital Projects and Maintenance
- Service Reductions or Departmental Consolidations
- Use of Reserves or One-time Funding (ARPA, grants)

❖ Revenue Strategy (if any):

- Passive Increases from Sales and Property Tax Growth
- Occasional Tax Measures (e.g., Local Sales Tax Hike)
- Periodic Fee Schedule Updates

❖ Common Outcomes:

- Short-term Balance Without Long-term Stability
- Infrastructure and Facility Degradation
- Declining Service Delivery Capacity
- Lack of Strategic Economic Positioning



❖ Personnel Management

- Atascadero: Froze Open Positions To Avoid Layoffs
- Los Banos: Used Seasonal Staff For Parks & Rec
- Hollister: Deferred Administrative Raises

❖ Service Reductions

- El Centro: Outsourced Animal Control, Shared Dispatch
- Red Bluff: Transferred Programs To Nonprofits
- Paso Robles: Reduced Facility Hours & Capital Deferrals
- Arvin: Delayed Street Repairs
- Atascadero: Postponed Park Improvements

❖ Operational Efficiencies

- Hollister: Led Lighting Retrofit
- El Centro: Cloud-based Tech Migration
- Los Banos: Rebid Solid Waste Contract

❖ Shared Services

- Red Bluff: Environmental Compliance Via County
- Paso Robles: Outsourced Janitorial
- Hollister: Shared Fire Training

❖ Risks Observed:

- Deferred Maintenance And Higher Long-term Costs
- Public Service Visibility Declines
- Staff Morale Impacted Over Time

- ❖ Paso Robles: Boosted TOT and Invested In Tourism Branding
- ❖ Atascadero: Zoning and Incentives For Breweries
- ❖ Red Bluff & Hollister: Downtown Improvements To Support Retail
- ❖ El Centro: Land and Infrastructure Monetization
- ❖ Los Banos: Eco-tourism and Visit Ca Marketing
- ❖ Hollister & Los Banos: Business parks with pre-zoning
- ❖ Common Tools:
 - Tot and Fee-based Incentives
 - EIFD, Tif, or Special Tax Districts
 - Events as Economic Engines
 - Staff Support to New Projects / Developments

❖ Vandenberg Proximity

- Leverage Aerospace Adjacency
- 100's of Launches
- Coordinate Regionally

❖ Downtown Vitality

- Improve Ocean Ave and Gateways Appearance and Activity
- Encourage Anchor Businesses

❖ Small Business Incentives

- Fee Subsidies or Grants
- Navigation Help For Startups

❖ Public Asset Use

- Explore Revenue Or Community Use
- Activate Idle Buildings/Land (Public & Private)



❖ Business Registration & Mapping

- Strengthen BTC Compliance And Data Use
- Monitor Trends and Sectors: Integrate Local Businesses with VSFB
- Space Base California Partnership

❖ Grant Partnerships

- Reboot LCBF for Nonprofit-based Funding
- Align with City Capital Planning

❖ Natural Amenities

- Soft Promotion Of River, Lagoon, Surf Beach
- Weekend and Visitor Experience (Wine, Cannabis, Space)
- Expand and Execute River Park as Event Center

❖ Commuter Engagement

- Capture Regional Spending From Base Workers
- Improve Convenience and After-work Options
- Create Community Loyalty

Create a Specific Integrated Function in The City Organization to Focus on Revenue Generation

- ❖ Create Focus
 - Coordinate permitting, grants, business outreach, VCC engagement
 - Reorganize internally without creating new department
- ❖ Modernize BTC
 - Enforce Compliance
 - Use 50% of Revenue For Business Support
- ❖ Create Permit Navigation
 - Use Permit Concierge
 - Track and Support Project Progression
- ❖ Base & Federal Alignment
 - VCC Engagement Tied To Base Economy
 - Pursue Grants and Business Partnerships With VSFB
- ❖ Refocus Public Affairs
 - Economic Storytelling
 - Promotion of Business Success and City Value
- ❖ 6. Reactivate LCBF
 - Re-establish Nonprofit for Grants
 - Facilitate Public-Private Co-funding



❖ Funding Sources

- Redirect Chamber Contract
- Two Vacant FTEs (Share Through Matrix Assignments)
- Reallocate Partial Analyst/PIO Time
- Fund with BTC Growth

❖ A Few Potential Metric's

- Avg. Permit Processing Time
- New or Retained Businesses Supported
- BTC % Growth in Revenue and Compliance
- City-VCC-VSFB Initiatives

“I am requesting that the Council accept a motion that **directs the City Manager to develop and return with a proposed implementation plan** to establish the Economic Development & Strategic Initiatives Function described in this briefing.

- ❖ A proposed structure and approach to integrate this function into City operations
- ❖ Identification of staff positions, contracts, or vacant FTEs that may be utilized or reassigned
- ❖ Recommended timeline and any preliminary budgetary or organizational impacts
- ❖ The purpose of this plan will be to focus on:
 - Coordinating business support, development services, and economic promotion
 - Providing facilitation for priority projects and commercial permitting
 - Supporting strategic partnerships, including those related to VSFB
 - Utilizing the BTC system and the Lompoc Community Benefit Foundation as aligned tools for engagement and grant readiness

Staff shall return with recommendation in time to support the adoption of the City budget.”