



## City Council Agenda Item

**City Council Meeting Date:** June 17, 2025

**TO:** Dean Albro, City Manager

**FROM:** Christie Donnelly, Management Services Director  
c\_donnelly@ci.lompoc.ca.us

**SUBJECT:** Adoption of Resolution No. 6762(25) Adopting a Biennial Budget for Fiscal Years 2025-27 and Capital Improvement Program for Fiscal Years 2025-31; Introduction of Ordinance No. 1728(25) Amending Chapter 3.24 of the Municipal Code to Update Language Related To Budget Appropriations Transfers Authority Levels.

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### **Recommendation:**

Staff recommends the City Council:

- 1) Adopt Resolution No. 67862(25) adopting the Biennial Budget FYs<sup>1</sup> 2025-27 and Capital Improvement Program<sup>2</sup> FYs 2025-31 (Attachment 1); and
- 2) Introduce, for first reading by title only with further reading waived, Ordinance No. 1728(25) amending the LMC<sup>3</sup> related to budget appropriations transfers authority levels (Attachment 2); or
- 3) Give alternate direction.

### **Background:**

On March 16, 2025, during a special meeting for the first of three budget workshops, the City Council set its goals for FYs 2025-27 as follows:

- Develop and equip effective Public Safety;
- Enhance economic vitality;
- Ensure long-term fiscal health;
- Improve quality of life; and
- Enhance infrastructure and capital improvements.

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<sup>1</sup> Fiscal Year

<sup>2</sup> CIP

<sup>3</sup> Lompoc Municipal Code

On April 22, 2025, a special meeting was held for the second budget workshop for the purpose of introducing an overview of proposed Capital Improvement Projects that each division within the City hoped to include with the Biennial Budget FYs 2025-27. Input and feedback on overarching priorities and general guidance was requested from the City Council by staff to guide their decisions when compiling a balanced budget.

On April 29, 2025, a special meeting was held for the third budget workshop for the purpose of beginning the review of operating expenses for the Biennial Budget FYs 2025-27. Staff presented a brief overview of the budget process, outlined how far staff had progressed in that process and requested input from the City Council on priorities and any requested changes to an otherwise “status-quo” budget. Staff also presented an overview of City-wide increased costs to include categories such as insurance, CalPERS<sup>4</sup> UAL<sup>5</sup>, security systems, and MOUs<sup>6</sup> and retention efforts. They also explained revenue-related and expenditure-related budget impacts in both the Utility funds and General Fund. The budget workshop ended with a presentation by the City’s consultant from Urban Futures Inc. on the recently developed General Fund forecast model and 10-year baseline forecast.

On May 27, 2025, a special meeting was held for the fourth budget workshop during which the City Council received a printed copy of a partial draft of the Biennial Budget FYs 2025-27, as well as a summary of proposed position changes. Staff presented a “deeper dive” into the operating budget and proposed accepted Capital Improvement Projects of the General Fund and each major Enterprise Fund. Staff also asked for consensus from the City Council on the position changes, and after a short discussion, the position changes were approved by consensus.

On June 3, 2025, at the regularly scheduled City Council meeting, the City Council and the public received printed copies of: the 2025-27 Draft Budget Book; the 2025-27 Draft CIP Book; the Summary Appendix of the 2025-27 Cost Allocation Plan; and Proposed Fiscal Policies document for review and input. The City Council and the public also received instruction on how to access the pdf versions of the printed copies on the City’s website, as well as how to access interactive digital versions of the Draft Budget Book and Draft CIP Book. (All four publications are posted on the City’s Management Services/Finance webpage.) In addition, staff demonstrated the online Digital Budget book and Digital CIP book and their functionalities, which allowed City Council, staff, and all Lompoc residents two weeks to review both publications before the scheduled adoption.

### **Discussion:**

The proposed Biennial Budget FYs 2025-27 reflects General Fund surplus over both fiscal years of approximately \$500k. This positive fund balance takes into consideration the ongoing maintenance and service costs of key program changes and expanded

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<sup>4</sup> California Public Employees’ Retirement System

<sup>5</sup> Unfunded Accrued Liability

<sup>6</sup> Memorandum of Understanding

services that were implemented in the previous budget cycle, specifically the implementation of the use of police body cameras, ongoing service costs of grant-provided police CAD/RMS<sup>7</sup> upgrade, front-line breathing apparatus equipment for fire personnel, and participation in the Santa Barbara County regional fire dispatch program. It also includes funding for the newly developed Governmental Fleet Replacement schedule at approximately \$1.3 million for the two-year budget cycle. The replacement schedule will allow for eleven police patrol vehicles, one fire engine, and six other essential governmental fleet vehicle replacements during FYs 2025-27, all while establishing a feasible financial plan for regular and timely replacements of over 100 governmental fleet vehicles. The replacement schedule will allow for increased vehicular safety for staff and overall reduced costs for vehicle repairs, which ultimately saves money for the General Fund. It should be noted that while the General Fund was capable of funding larger levels of capital improvement projects in the previous budget cycle, the funding used for those one-time expenditures was not expected to be available for use in this or future budget cycles due to the scheduled increases in CalPERS unfunded liability required payments. As expected, funding for continued repairs and remodels of multiple older City buildings that had been deferred in prior years will be limited during this budget cycle, with less than \$300k annually attributed to those efforts.

### General Fund

Revenues in the General Fund for the Biennial Budget FYs 2025-27, are estimated to increase \$5.4 million or approximately 4.8% over the two-year cycle. This increase is primarily attributed to continued growth of property tax revenues, standard inflation related increases in sales and transaction use tax totals, and increased TOT<sup>8</sup>. The TOT increase is likely to be offset by an observed decrease in overall cannabis taxes in recent years.

As a service-driven organization, salaries and benefits represent approximately 69% of total General Fund expenses. In total, net personnel positions in the General Fund increased by 3.5 FTE's<sup>9</sup> compared with FYs 2023-25. Citywide net personnel positions increased a total of 2.0 FTE's.

### City-Wide Expenditures

The Biennial Budget FYs 2025-27 provides additional funding to complete the following:

- Annual rolling rate studies for each major utility;
- Cost of Service study for updated Enterprise Reimbursement plan; and
- Multiple Capital Improvement Projects as outlined in the CIP.

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<sup>7</sup> Computer-Aided Dispatch and Records Management System

<sup>8</sup> Transient Occupancy Tax

<sup>9</sup> Full Time Equivalent

The proposed Biennial Budget FYs 2025-27 represents the efforts and best professional judgment of City staff in attempting to provide a plan to allow the City to meet the goals and priorities of the City Council.

#### Lompoc Municipal Code Amendment

LMC Section 3.24.060 governs how the budget can be changed after it is adopted. It allows the City Council to transfer any amount from one proposed expenditure to another, or to a new proposed expenditure, and to transfer any amount from unappropriated reserves to a new or existing proposed expenditure. It allows the City Manager to make such transfers, without City Council approval, in amounts less than \$10,000 or new appropriations of less than \$1,000. It allows the Management Services Director to make such transfers in amounts less than \$2,000.

Proposed Ordinance No. 1728(25) would update the dollar limits for the City Manager and Management Services Director, and would require City Council approval for any transfers between funds and any new appropriations (with the exception that the City Manager may approve new appropriations of up to \$5,000 and may transfer up to \$5,000 between funds). In other words, the City Manager and Management Services Director may only transfer amounts within the same fund (again, with the \$5,000 exception for the City Manager).

Proposed Ordinance No. 1728(25) would allow the City Manager to transfer amounts up to \$100,000 within the same fund without City Council approval, and would allow the Management Services Director to transfer amounts up to \$30,000 within the same fund.

Finally, proposed Ordinance No. 1728(25) contains a new provision relating to actual expenditures (as opposed to budgeted expenditures). The proposed ordinance provides:

“When actual expenditures in a fund exceed or are expected to exceed approved appropriations by more than \$100,000, such expenditures will be brought to City Council for consideration of additional appropriations or other interventive action. For any funds that are comprised of more than one department, such as the General Fund, this rule applies when actual expenditures in a department within that fund exceed or are expected to exceed approved appropriations by more than \$100,000.”

#### **Fiscal Impact:**

This report presents a Biennial Budget FYs 2025-27 for the City Council to review and adopt.

**Conclusion:**

June 30, 2025, is the end of Biennial Budget FYs 2023-25. No funds have been allocated for operation of the City past that date. The City Council may choose to either adopt the Biennial Budget FYs 2025-27 by adopting Resolution No. 6762(25), or provide alternate direction.

Respectfully submitted,

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Christie Donnelly, Management Services Director

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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Dean Albro, City Manager

Attachments: 1) Resolution No. 6762(25)  
2) Ordinance No. 1728(25)