



CITY OF LOMPOC

**FUNDING ROADS AND ROW
MAINTENANCE WITH A NEW
TRANSACTION AND USE TAX**

November 18, 2025



Presenters

City of Lompoc

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Roadway Projects & Maintenance Needs



Roadway Projects & Maintenance Needs

- **Citywide Operations – Street Maintenance, Urban Forestry, & Engineering Divisions (Keeping things working):**
 - Roadway pavement – patching, sealing, thin maintenance overlays;
 - Sidewalks and Portland Cement concrete – repairing, replacing, grinding, patching, addressing trip hazards;
 - Street trees and vegetation – trimming, planting, watering, removal, emergency response;
 - Traffic striping, markings, signs, and signals – replacing, recoating, repairing, installing, adjusting, emergency response;
 - Roadway drainage – cleaning/clearing, mowing, repairing, replacing; and
 - Assessing and managing all roadway infrastructure and maintenance areas.
- **Capital Projects – Contracted (Extending useful life, Upgrades, & New facilities):**
 - Roadway pavement – rehabilitation, overlays, cape seals;
 - Sidewalks and Portland Cement concrete – expansion/new construction, replacement;
 - Traffic signals – reconfiguration, installation;
 - Roadway drainage and structures – rehabilitation, major repairs, replacement, expansion/new construction; and
 - Roadway capacity improvements – widening, extension, new facilities.



Roadway Projects & Maintenance Needs

Citywide Operations + Capital Projects = Meeting the City's Roadway Needs





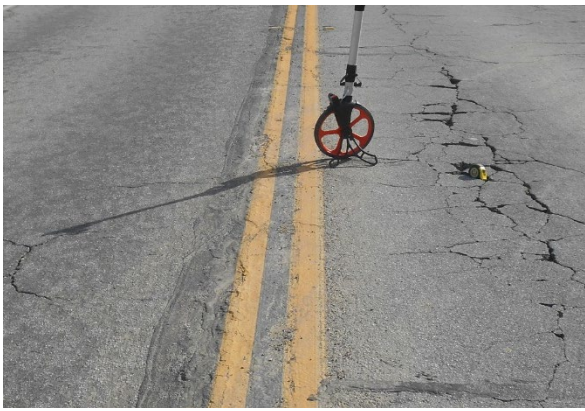
Roadway Projects & Maintenance Needs

Pavement Condition Index (PCI) reports distress severity and prevalence

PCI=72

PCI=58

PCI=43



PCI=31

PCI=11

PCI=3

The City's single most costly need for its limited roadway maintenance funding is to maintain its roadway pavement.



Roadway Funding Needs

ANNUAL COST-EFFECTIVE CAPITAL PROJECT PAVEMENT EXPENDITURES





Revenue Requirements & Recent Changes



Changes to ROW Revenue

Rogers v. City of Redlands

- June 2025 court decision based on CA Vehicle Code §9400.8
- That City precluded from charging enterprise surface-level vehicle use of City streets and ROW.
- City of Lompoc legal evaluation concluded that the decision is applicable to our Surface level ROW enterprise reimbursement charges to Enterprise funds.
- Analysis determined that impact to ROW revenue will result in a decrease in revenue:

Table 1 – Enterprise Reimbursement Schedule – Revised

Budget Cycle 2025-27 Enterprise Reimbursement Schedule - REVISED						
Fund	Adopted Budget ROW Reimbursement		Recalculated ROW Reimbursement		Decreased charge to Enterprise Decreased Revenue to ROW	
	FY 2025-26	FY 2026-27	FY 2025-26	FY 2026-27	FY 2025-26	FY 2026-27
Airport	\$ 6,867	\$ 16,325	\$ 6,867	\$ 16,325	\$ -	\$ -
Comm	8,944	9,603	8,944	9,603	-	-
Electric	415,601	502,420	415,601	502,170	-	(249)
Solid Waste	807,982	921,141	-	-	(807,982)	(921,141)
Transit	607,360	754,089	-	-	(607,360)	(754,089)
Wastewater	501,189	603,223	501,189	603,223	-	-
Water	485,724	634,386	485,724	634,386	-	-
Total	\$ 2,833,667	\$ 3,441,187	\$ 1,418,325	\$ 1,765,707	\$ (1,415,342)	(1,675,480)



Roadway Revenues and Expenditures

Table 2 – Roadway Maintenance Revenue – Revised

Funding Source	FY 2024-25	FY 2025-26	FY 2026-27
Local Surface Transportation Program	\$ 171,000	\$ 171,000	\$ 171,000
State Gas Tax	1,223,230	1,254,039	1,257,174
Measure A	3,183,474	3,102,303	2,866,347
Maintenance of Effort Contribution Required by State	832,019	832,019	832,019
City ROW Maintenance Funds ³	1,900,000	1,418,325	1,765,707
Road Maintenance and Rehabilitation Account from SB1	1,215,593	1,206,430	1,218,494
Total	\$8,525,316	\$7,984,116	\$8,110,741



Roadway Revenues and Expenditures

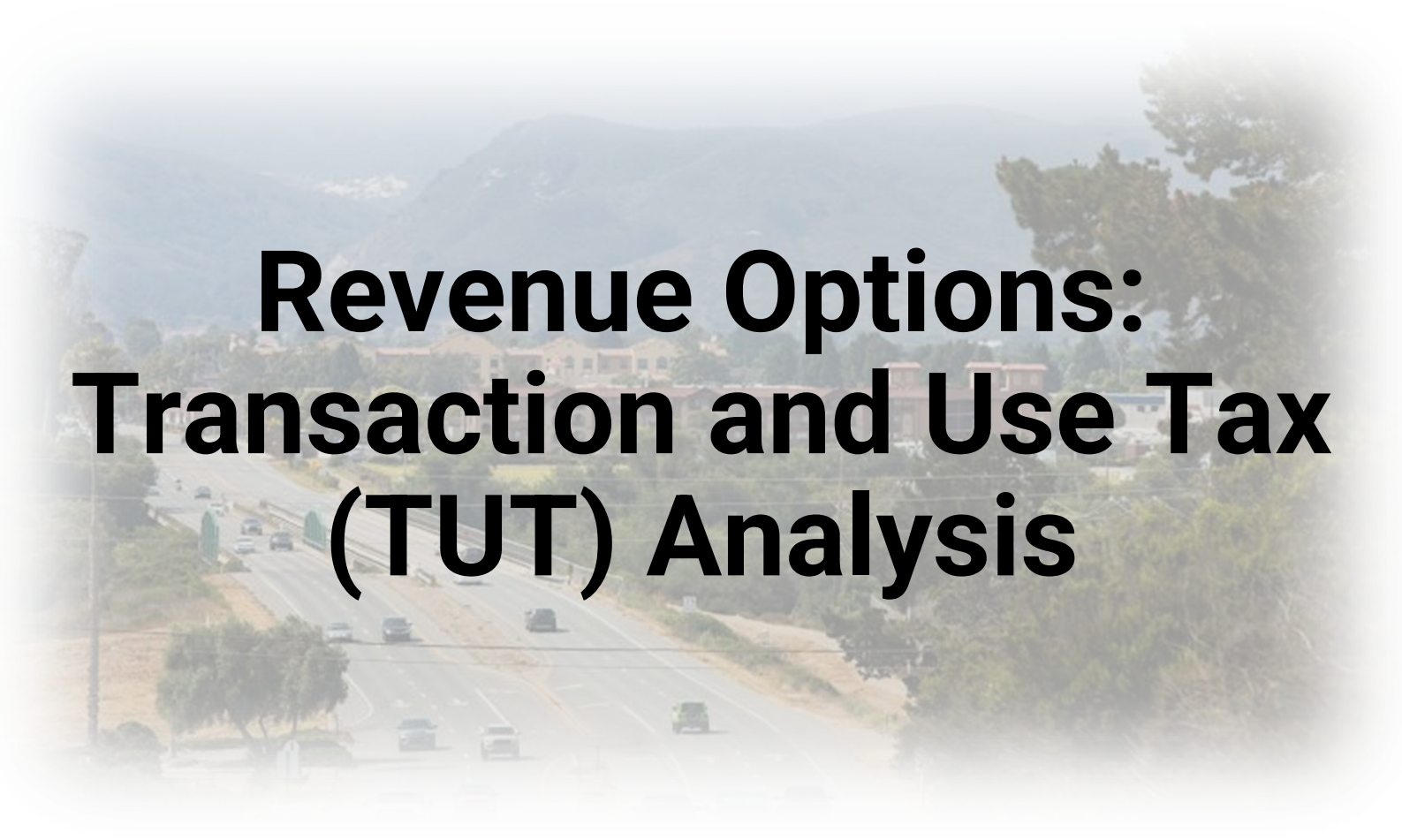
Table 3 – Roadway Maintenance Expenditure Needs – Status Quo

	Roadway Maintenance Needs	FY 2024-25	FY 2025-26	FY 2026-27
Funded by Existing Ongoing Revenue	Operations: City Street Maintenance, Urban Forestry & Engineering	\$5,400,000	\$5,800,000	\$5,600,000
	Curb Ramp Upgrades & Concrete Projects	1,200,000	1,464,857	0
	Street Rehabilitation Projects	4,600,000	0	3,000,000
	Other Roadway Related Projects	200,000	180,000	50,000
	Subtotal - Funded	11,400,000	\$7,444,857	\$8,650,000
Unfunded by Ongoing Revenue	Curb Ramp Upgrades & Concrete Projects	500,000	100,000	250,000
	Street Rehabilitation Projects	0	0	1,000,000
	Other Roadway Related Projects	700,000	720,000	850,000
	Subtotal - Unfunded	1,200,000	820,000	2,100,000
	Grand Total	\$12,600,000	\$8,264,857	\$10,750,000



Roadway Revenues and Expenditures

- Roadway needs far exceed revenues
 - As shown in Tables 2 and 3 in prior slides, the City will need an average of an additional \$1.46 Million per year of ongoing roadway maintenance revenue to complete the recurring unfunded needs, including maintaining the City's roadway pavement at the current citywide average condition using cost-effective rehabilitation methods.
 - Table 3 shows an average annual expenditure on all pavement rehabilitation projects of \$1.5 Million per year during the current budget cycle, based upon existing ongoing revenues. Spending \$1.5 Million per year results in a gradual decline in the City's overall average PCI.
 - If the City wants to substantially increase its average PCI, it would need to increase its revenue and spend more on pavement capital projects, such as \$3.5 Million per year in cost-effective pavement rehabilitation methods.

The background of the slide features a scenic view of a multi-lane highway with several cars driving. In the distance, there are rolling hills and mountains under a clear sky. Lush green trees are visible on the right side of the road. The entire scene is overlaid with a semi-transparent white filter to ensure the text is legible.

Revenue Options: Transaction and Use Tax (TUT) Analysis



Transaction and Use Tax (TUT)



Basics of a TUT

- Functionally similar to state Sales Tax – tax on sale or use of goods – but based on point of receipt or use (not point of sale).
- Preserves local control of sales tax revenues (i.e., not shared with other agencies)
- Excludes “Necessities of Life” including most food products and medicines. Value of these exemptions in 2024 was equivalent to 56% of total sales tax collected. For individuals and families, exemption shifts incident of tax burden more towards controllable or discretionary goods and items.
- State law requires supermajority approval by city council (2/3 vote) to place TUT measure on ballot and unanimous vote by city council (5/5) to declare fiscal emergency would be needed for a general tax in June 2026
 - 50% + 1 voter approval for general purpose
 - 2/3rds voter approval for special purpose

Lompoc State SUT & Local TUT Rate	8.75%	Expiration
State Sales Tax	6.00%	--
Bradley-Burns Local Share	1.25%*	--
Local/Regional TUT (2.0% total cap)		
Santa Barbara County Local Transportation Authority (2008) Measure A	0.50%	March 2040
Lompoc TUT (2020) Measure 12020	1.00%	June 2035

**1.0% to City and 0.25% to County for transportation purposes.*



Transaction & Use Tax (TUT)



Lompoc Current Rate – 8.75%

- State Sales & Use Tax: 7.25%
- Countywide TUT (Measure A): 0.50%
- Lompoc TUT (Measure I2020): 1.00%

Special Considerations

- County agencies may put competing TUT on upcoming 2026 ballot

Estimated Additional TUT Annual Revenue @ 0.50% = \$3.75 million

- Total New Rate = 9.25%
 - Same as Santa Barbara, Oxnard, and Santa Paula

Voter approval rates of new or increased TUTs for general purposes (majority vote) in California

- 80% for 2024 Election (63 of 79)
- 73% for 2022 Election (30 of 41)
- 74% for 2020 Election (65 of 88)

City/Area	Rate*
Santa Barbara Countywide	7.75%
Carpinteria	9.00%
Goleta	8.75%
Guadalupe	8.75%
Lompoc	8.75%
Santa Barbara	9.25%
Santa Maria	8.75%
Solvang	8.75%
San Luis Obispo Countywide	7.25%
Arroyo Grande	8.75%
Atascadero	8.75%
Grover Beach	8.75%
Morro Bay	8.75%
Paso Robles	8.75%
Pismo Beach	8.25%
San Luis Obispo	8.75%
Ventura Countywide	7.25%
Oxnard	9.25%
Port Hueneme	8.75%
Santa Paula	9.25%
Ventura	7.75%

*Effective rates as of April 2025.



Transaction & Use Tax (TUT)



Local TUT Ballot Measure Results – November 2018 to 2024 – All General Tax Measures*

City	County	Rate	Sunset	Yes %	Result
Nov 2018					
Santa Maria	Santa Barbara	¾ cent	None	71.9%	Pass
Port Hueneme	Ventura	1 cent	None	68.1%	Pass
Carpinteria	Santa Barbara	1¼ cent	None	55.0%	Pass
Paso Robles	San Luis Obispo	½ cent	6 years	45.9%	Fail
March 2020					
Lompoc	Santa Barbara	1 cent	15 years	68.7%	Pass
Nov 2020					
Guadalupe	Santa Barbara	¾ cent	None	70.9%	Pass
Atascadero	San Luis Obispo	1 cent	None	58.6%	Pass
Morro Bay	San Luis Obispo	1 cent	None	58.6%	Pass
San Luis Obispo	San Luis Obispo	1 cent	None	58.2%	Pass
Paso Robles	San Luis Obispo	1 cent	12 years	56.6%	Pass
Oxnard	Ventura	1½ cent	None	53.9%	Pass
Grover Beach	San Luis Obispo	1 cent	None	52.7%	Pass

City	County	Rate	Sunset	Yes %	Result
Nov 2022					
Goleta	Santa Barbara	1 cent	None	64.7%	Pass
Solvang	Santa Barbara	1 cent	None	63.1%	Pass
Arroyo Grande	San Luis Obispo	1 cent	None	47.4%	Fail
Nov 2024					
Atascadero	San Luis Obispo	½ cent	None	70.6%	Pass
Arroyo Grande	San Luis Obispo	1 cent	10 years	65.0%	Pass
Santa Barbara	Santa Barbara	½ cent	None	63.4%	Pass
Pismo Beach	San Luis Obispo	1 cent	12 years	62.5%	Pass
Paso Robles	San Luis Obispo	½ cent	None	54.4%	Pass

* No TUT special tax measures were placed on ballot from November 2018 to 2024.



June 2026 Ballot Measure – Potential Timeline

Dates	Task
December 2025	Community input and opinion research conducted.
December 2025	Staff develops options for revenue measure based on community input and opinion research, Council input, and other relevant considerations.
January 2026	Public information disseminated explaining why and how Council is considering placing a revenue measure on the ballot.
January 6, 2026	Council decision on appropriate revenue measure and direction for staff to prepare ballot measure language and required resolutions.
January 20, 2026	Last regularly scheduled meeting of Council for Introduction/First Reading of revenue measure ordinance.
February 3, 2026	Last regularly scheduled meeting of Council for Second Reading/Adoption of revenue measure ordinance and approval of resolution for consolidated election.
Early February 2026	Deadline for City submission of ballot measure to Registrar of Voters.
March 2026	Deadline for City's submittal of impartial analysis of ballot measure to Registrar of Voters.
June 2, 2026	Election Day.



Funding Capital Projects with Municipal Bonds

- Benefit of Issuing Bonds versus Pay Go
 - Accelerate priority projects and avoid rising construction costs
 - Spreads the costs of the project across taxpayers that will benefit from the project over its useful life
 - Allows City to consider general purpose sales tax but lock in how the additional revenue will be spent (i.e., on road improvement projects)
- Disadvantages of Issuing Bonds versus Pay Go
 - Paying debt service, such as \$950,000 per year for 30 years to borrow \$15 Million upfront
 - Losing annual flexibility of some expenditure choices because of upfront expenditure
- Other Considerations
 - What is the City's capacity, timeline, and tolerance for implementation of the priority projects?
 - How much in financing proceeds are needed and what can repayment source support?
 - Term of financing
 - Prepayment options



General Fund Revenues → Lease Revenue Bonds

- **Overview**

- Issuer covenants to appropriate annual lease payments from the general fund
- If lease payments are not made, trustee has right/obligation to enter and re-let designated asset

- **Advantages**

- Not subject to the constitutional debt limits per lease exception
- No voter approval required for the issuance of bonds; City Council majority vote
- Can be completed quickly in as few as 60 days

- **Disadvantages**

- Requires unencumbered leasable asset(s) valued as least as much as the bond issue
- Lease payments (debt service) competes with other general fund expenditures

- **Leverage**

- All general fund revenues are pledged, although sizing is often based on amount available from a particular revenue source

- **When Used?**

- Typically for general infrastructure projects benefitting the City

Based on today's market, assuming strongly rated 30-year Lease Revenue Bonds, and assuming the City earmarks \$950,000 annually for debt service payments, the City could generate approximately \$15* million in project proceeds

**Preliminary, subject to change based on rating, market conditions, and other factors*



Discussion & Next Steps



Discussion & Next Steps

- 1) Review and discuss the benefits and drawbacks of a potential ballot measure
- 2) Does a majority of City Council wish to continue considering such a ballot measure?
- 3) Does City Council desire to pursue public opinion research (survey)?
- 4) June 2026 ballot measure or November 2026 ballot measure, or determine after survey results?
- 5) Is there an alternate direction?



Questions?