



## City Council Agenda Item

**City Council Meeting Date:** February 3, 2026

**TO:** Honorable Mayor and City Council Members

**FROM:** Jeff Malawy, City Attorney  
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Robert Cross, Acting Management Services Director  
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**SUBJECT:** Adoption of Ordinance No. 1741(26) Submitting a Special Transactions and Use Tax Measure to the Voters for the Purpose of Repair and Maintenance of City Streets; Adoption of Resolution No. 6797(26) Calling and Consolidating a Special Municipal Election on the Measure with the June 2, 2026, Statewide Primary Election

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### **Recommendation:**

Staff recommends the City Council:

- 1) Adopt Ordinance No. 1741(26), submitting a temporary special transactions and use tax measure to the voters of the City of Lompoc for the purpose of repair and maintenance of city streets (Measure);

*\*Approval of the ordinance requires a 4/5 vote of the City Council. (Cal. Revenue & Taxation Code 7285.91.)*

- 2) Adopt Resolution No. 6797(26) calling and consolidating a special municipal election with the June 2, 2026, Statewide Primary Election, requesting the Santa Barbara County Registrar of Voters to conduct the consolidated election, directing the City Attorney to prepare an impartial analysis of the Measure, and setting ballot arguments.

*\* City Council to give direction on ballot label language not to exceed 75 words.*

*\*\*City Council to determine whether rebuttal arguments should be allowed or not.*

*\*\*\*City Council to determine whether to designate up-to two councilmember authors for a ballot argument, or not;*

**Background:**

At the January 6, 2026, City Council meeting, the City Council directed staff to prepare the necessary documents for City Council consideration to place a 0.5% special sales tax measure for street repair and maintenance purposes on the June 2, 2026, election ballot.

California Revenue and Taxation Code section 7285.91 authorizes a city to adopt a special transactions and use tax, provided the tax ordinance is approved by a two-thirds vote of the city's governing body (4/5 Council yes votes) and then subsequently approved by a two-thirds vote of the electorate. The statute requires the tax to conform to state transactions and use tax law and to identify the specific allowable uses of the revenue.

At the January 20, 2026 meeting, the City Council introduced Ordinance No. 1741(26), to place a special transactions and use tax on the ballot. The second step to place the measure on the ballot is to adopt the Ordinance, which must be done by a 4/5 City Council vote. The City Council must also call an election and request consolidation with the statewide direct primary election on June 2, 2026.

Under Article XIII C of the California Constitution (Proposition 218), any special tax must be approved by two-thirds of the voters. Ordinance No. 1741(26) establishes a special tax subject to voter approval and limits revenues to specific street repair and maintenance purposes.

**Discussion:**

**1. Adoption of Ordinance No. 1741(26)**

The Ordinance before the City Council, if adopted by 2/3 of the voters, would add Chapter 3.56 to the Lompoc Municipal Code and establish a temporary special transactions and use tax with the following key features:

- Tax Rate: 0.5% (one-half cent) on taxable retail sales and use transactions;
- Term: The tax expires 15 years after the operative date;
- Voter Approval: Requires two-thirds (2/3) voter approval;
- Administration: Collected and administered by California Department of Tax and Fee Administration (CDTFA) pursuant to state law;
- Uses: Street Repair and Maintenance described further below; and
- Oversight: City Council as Oversight Committee, Audits, City Manager Annual Report.

The proposed Measure is a special tax because the revenue generated is deposited into a special fund for street repair and maintenance purposes and is not available for any other purpose.

The revisions to the draft Ordinance directed by City Council and introduced at the January 20, 2026, meeting are shown below in underline:

“§3.56.160. Permissible Uses of Tax Revenue; Expenditure Plan.

- A. Revenues from the transaction and use tax enacted by this Chapter shall be expended solely for maintenance, repair, rehabilitation, and reconstruction of the City’s public streets, roads, alleys, sidewalks, storm drains, and roadway drainage infrastructure, including but not limited to the following:
1. Routine and preventive maintenance of pavement;
  2. Pavement preservation work such as slurry seal, chip seal, and crack sealing;
  3. Resurfacing, overlays, pavement repair, pavement rehabilitation, removal and replacement, or reconstruction;
  4. Repair or replacement of curbs, gutters, cross gutters, ribbon gutters, sidewalks, and curb ramps, when directly related to street, road, or alley maintenance, repair, or reconstruction projects funded by the tax enacted by this Chapter;
  5. Storm drain and roadway drainage improvements when directly related to street, road, alley, or sidewalk maintenance, repair, or reconstruction projects funded by the tax enacted by this Chapter;
  6. Equipment, materials, and supplies used for such projects;
  7. Inspection costs and the cost of project management services contracted directly for such projects;
  8. Labor, including City staff or contracted services, directly performing the maintenance, repair, rehabilitation, or reconstruction work for such projects; and
  9. Use of revenues to leverage or match state, federal, or regional grants or funding programs used to fund such projects.
- B. In no event shall revenues from the tax enacted by the Chapter be used for:
1. Engineering or design costs;
  2. Administrative costs, unless as part of a match for a state, federal, or regional grant or funding program and in compliance with the provisions of that grant or funding program.
  3. Construction of new streets, new roads, or new alleys where a street, road, or alley did not previously exist.

4. Construction of new improvements to streets, roads, or alleys, such as new lanes or turn lanes, new medians, traffic signals, bicycle lanes and bicycle infrastructure. “

The following section was deleted from the draft Ordinance:

~~“§3.56.240. Ability to Lower Rate.~~

~~The tax rate in this Chapter may only be increased by a vote of the people of the City of Lompoc; provided, however, that the City Council may amend this Chapter to reduce the rate of the tax authorized herein.”~~

## **2. Resolution Calling and Consolidating the Election**

The accompanying Resolution No. 6797(26):

- Calls a special municipal election on the proposed measure;
- Requests consolidation with the June 2, 2026, Statewide Primary Election pursuant to Elections Code section 10403;
- Requests the Santa Barbara County Registrar of Voters to conduct the election;
- Establishes procedures for ballot arguments, rebuttals, and the preparation of an impartial analysis;
- Establishes the Ballot Question Language described below; and
- Contains a CEQA determination-Adoption of the ordinance and resolution constitutes an action to submit a revenue measure to the voters. Under CEQA Guidelines section 15378(b)(4), the establishment of government funding mechanisms that do not commit the City to a specific project is not a project subject to CEQA. No environmental review is required.

## **3. Ballot Question Language**

Resolution No. 6797(26) must include the actual ballot question language to be presented to voters with respect to the Measure. Staff has prepared three “options” for the City Council to choose from for the Measure’s ballot question:

### **Option 1**

Shall the measure, known as the **LOMPOC STREET REPAIR AND MAINTENANCE MEASURE**, with all funds legally restricted to be used exclusively to maintain, repair, and rehabilitate existing Lompoc city streets, roads, alleys, and related existing infrastructure, establishing an additional 0.5% sales tax, expiring after 15 years, subject to annual audit and public accountability requirements, and raising approximately \$3.75 million annually, be adopted?

### **Option 2**

To provide funding to repair and maintain Lompoc streets and roads, shall the measure, known as the **LOMPOC STREET REPAIR AND MAINTENANCE MEASURE**, for an additional 0.5% sales tax, expiring after 15 years, with funds legally restricted to

maintaining and repairing existing Lompoc streets, roads, alleys, and related sidewalk and drainage infrastructure, raising approximately \$3.75 million annually, and subject to annual audits and public oversight, be adopted?

### **Option 3**

Shall the measure, known as the **LOMPOC STREET REPAIR AND MAINTENANCE MEASURE**, to establish an additional 0.5% sales tax for a period of 15 years, raising approximately \$3.75 million annually, with revenues restricted to street repair and maintenance purposes as specified in the measure, subject to public accountability and audit requirements, be adopted?

The City Council may choose one of the above options, or use them as a starting point to craft a ballot question of its own. But the City Council must follow these rules:

- 1) 75 words maximum (Elections Code § 9051.)
  - a. Option 1 above has 62 words,
  - b. Option 2 above has 67 words, and
  - c. Option 3 above has 53 words;
- 2) Must use phrase: “Shall the measure (stating the nature thereof) be adopted?” (Elections Code § 13119(a));
- 3) Must include estimate of annual revenues generated (Elections Code 13119(b));
- 4) Must state the rate—in this case, one-half cent per dollar, or 0.5% (Elections Code § 13119(b));
- 5) Must state the duration of tax, or “sunset” date of tax—in this case, 15 years (Elections Code § 13119(b)); and
- 6) The ballot question “shall be a true and impartial synopsis of the purpose of the proposed measure, and shall be in language that is neither argumentative nor likely to create prejudice for or against the measure” (Elections Code § 13119(c)).

### **4. Ballot Arguments**

Resolution No. 6797(26) also (i) directs the City Attorney to draft an impartial analysis of the Measure for the ballot, and (ii) sets rules for written arguments on the ballot Measure.

Whenever a municipal ballot measure is authorized, state law provides the City Council shall direct the City Attorney to prepare an impartial analysis. Also, state law provides for the filing of written arguments for and against a measure, which are printed in the ballot pamphlet that is mailed to voters. The City Council may choose whether to allow rebuttal arguments to be printed.

With regard to ballot arguments, City Council direction is needed on two points:

- 1) Rebuttal arguments are not legally required. If the City Council does *not* wish to authorize rebuttal arguments on the ballot, Section 10 of Resolution No. 6797(26) may be deleted by majority vote of the City Council and changed to “Rebuttal arguments shall not be permitted, and any prior resolution authorizing rebuttal arguments is hereby repealed pursuant to Elections Code 9285(b).”
- 2) City Council Members may submit arguments for or against the Measure and have first priority to be printed in the ballot materials over anyone else who submits an argument. (Elections Code 9287.) If the City Council wishes, it may (i) meet in an agenda meeting to collectively craft a ballot argument in favor of the Measure, or (ii) designate not-more-than two City Council Members to craft the ballot argument in favor of the Measure, or (iii) not designate any Council Member to craft the ballot argument for the Measure, thus leaving individual Council Members the option of submitting an argument. In the event of option (iii), the City Council should know that if the City Clerk receives multiple ballot arguments from multiple Council Members in favor of the Measure, then the City Clerk would first pick only those arguments that comport with the requirements of law, and then resort to using a random method (i.e., “drawing straws”) to choose among the legally-compliant arguments. If no Council Member submits an argument, then the City Clerk will select legally-compliant arguments submitted by members of the public, in order of priority listed in Elections Code 9287.

**Fiscal Impact:**

The 0.5% special sales tax is estimated to generate approximately \$3.75 million per year, with slight adjustments for inflation, over its 15 year term. As the economy in Lompoc expands, there is the opportunity for this tax revenue to grow with it.

The cost to place the ballot measure on the June 2, 2026, primary election is estimated at \$60,000. The funding will need come from the General Fund and will require additional appropriations to the budget.

**Conclusion:**

The proposed special transactions and use tax ordinance provides a dedicated and transparent funding source to address the City’s street repair and maintenance needs. The City Council may place the Measure on the June 2, 2026, election ballot.

Respectfully submitted,

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Jeff Malawy, City Attorney

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Robert Cross, Acting Management Services Director

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

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Dean Albro, City Manager

Attachments: 1) Ordinance No. 1741(26)  
2) Resolution No. 6797(26)