CITY OF
VICTORVILLE

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AGENDA ITEM

WRITTEN COMMUNICATIONS

CITY COUNCIL / BOARD OF DIRECTORS

MEETING OF: November 4, 2014

SUBMITTED BY: ADMINISTRATIVE SERVICES DEPT DATE: 09/18/2014

BILL WEBB BW
Acting Deputy City Manager

ADELE MOSHER aom
Chief Financial Officer

ATTACHMENT: RESOLUTION NO. 14-070 AND APPROPRIATIONS LIMIT CALCULATION

SUBJECT: **REQUEST TO SET THE APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2014-15.**

RECOMMENDATION:
Staff recommends adoption of Resolution No. 14-070 approving the 2014-15 appropriations limit in the amount of $844,394,177.

FISCAL IMPACT:

PROJECT BUDGET:	$	-
PROJECT COST:	- $	-
PROJECT BALANCE:	$	-

BUDGET ACCT NO:

— Finance Use Only —
Additional Expense:
✓ No
____ Yes / Amount

Additional Revenue:
✓ No
____ Yes / Amount

CFO Review
Adele Mosher

DISCUSSION:
California's State Appropriations Limit places a "ceiling" each year on the amount of monies that can be spent from local government tax proceeds. Most appropriations are subject to the Appropriations Limit; however, the law does allow exemptions for capital outlay, debt service and subventions. Tax proceeds in excess of the Limit over a two year period must be rebated to taxpayers.

The adoption of Proposition 4 in 1979 and amended by Proposition 98 in 1998 and Proposition 111 in 1990 established the requirement and procedure for establishing an Appropriations Limit for local agencies. In brief, the amount of revenue that the City is annually authorized to appropriate is limited by factors relating to changes in population and the economy. The population factor selected may either be the rate of change in population for the City or for the County. The economic factor selected may either be the change in California's per capita income or the change in non-residential assessed property valuation. In other words, the formula works as follows:

$$\frac{(\text{\% change in population (City or County)} + 100)}{100}$$

TIMES (multiplied by)

EITHER

$$\frac{(\text{\% change in California per capita income} + 100)}{100}$$

OR

$$\frac{(\text{\% change in non-residential assessed valuation} + 100)}{100}$$

The value determined by the formula set forth above is then applied to the previous year's Limit to yield the new Appropriations Limit for the fiscal year.

For fiscal year 2014-15, the increase in County population growth was used since it was greater than the City's (+1.0078% vs. +1.0067%). With respect to the economy criterion, the non-residential assessed valuation was used since it was greater than the California personal income (+1.05% vs. +1.0%). The Appropriations Limit for the Fiscal Year 2014-15 may be set at $844,394,177 (1.01% x 1.05% x Fiscal Year 2013-14 limit of $795,052,458). The calculation of FY 2014-15 Proceeds of Taxes subject to the appropriation limit is $39,044,710. Therefore, the City of Victorville's general fund is under its appropriation limit by $805,349,467.

For complete calculation, please see attachments.

/Appropriations Limit/Agenda- City Appropriation Limit

AOM/ts

RESOLUTION 14-070

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE ESTABLISHING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2014-2015

WHEREAS, the voters approved the Gann Spending Limitation Initiative (Proposition 4) on November 6, 1979, adding Article XIIIB to the Constitution of the State of California to establish and define annual appropriations limits on State and local government entities; and

WHEREAS, Chapter 1205, Statutes of 1980 (SB 1352) provides for the implementation of Article XIIIB by defining various terms used in the Article and prescribing procedures to be used in implementing specific provisions of the Article, including the establishment by resolution each year by the governing body of each local jurisdiction of its appropriations limit; and

WHEREAS, the voters approved the Traffic Congestion Relief and Spending Limitation Act (Proposition 111) on June 5, 1990, amending Article XIIIB of the Constitution of the State of California; and

WHEREAS, Chapter 60, Statutes of 1990 (SB 88) provides for the implementation of Proposition 111 by defining various terms used in the Article and prescribing procedures to be used in implementing the amendments to the Article; and

WHEREAS, the required computations to determine the appropriations limit for Fiscal Year 2014-15 have been performed by the Department of Administrative Services, are on file with the Office of the City Clerk, and are available for public review; and

WHEREAS, these computations are provided in Attachments, which is incorporated herein by reference and attached hereto.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VICTORVILLE DOES RESOLVE AS FOLLOWS:

SECTION 1. The Appropriations Limit for the City of Victorville for Fiscal Year 2014-15 is $844,394,177.

SECTION 2. The adjustment factors for the City's Appropriations Limit are the change in Victorville's population and the change in California's non-residential assessed valuation.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the Office of the City Clerk.

Attachment A

CITY OF VICTORVILLE
COMPUTATION OF FY 2014-15 APPROPRIATIONS LIMIT

FY 2013-2014 Appropriations Limit	$	**795,052,458**
Change in County Population* = .78% **OR** Change in City Population * = .67%		0.78%
Change in Non-Residential Assessed Valuation** = 5.3841% **OR** Change in Per Capita Income* = -0.23%		5.3841%
Cumulative Compound Change Factor (1.0078 X 1.053841)		1.0621
FY 2014-2015 Appropriations Limit	$	**844,394,177**

* Source: State of California, Department of Finance, Price and Population Factors
** Source: County of San Bernardino, Auditor - Controller

Attachment B

CITY OF VICTORVILLE
COMPARISON OF PRELIMINARY
BASE BUDGET TO APPROPRIATION LIMIT

FY 2014-15 Total Proceeds of All Funds Subject to Limit (From Attachment C)	**$**	**51,534,967**
Less: Non -Tax Proceeds (From Attachment C)		12,490,257
FY 2014-15 Net Proceeds of Taxes Subject to the Limit		39,044,710
Less: Fy 2014-15 Appropriation Limit (From Attachment A)		(844,394,177)
Budget Appropriation Over (Under) the Limit	**$**	**(805,349,467)**

Attachment C

CITY OF VICTORVILLE
CALCULATION OF PROCEEDS OF TAXES SUBJEC TO LIMIT
BASED UPON FY 2014-15 BUDGET (NOT ACTUAL)

	Tax Proceeds	Non-Tax Proceeds	Total
General Fund:			
Property Tax	$ 16,412,342	$ -	$ 16,412,342
Sales Tax	18,600,159	-	18,600,159
Transporation Sales Tax (Measure I)	-	-	-
Transcient Occupancy Tax	885,000	-	885,000
Property Transfer Tax	257,500	-	257,500
Franchises	2,889,709	-	2,889,709
Motor Vehicle In-Lieu Tax	-	-	-
Revenue from Other Agencies	-	1,500	1,500
Licenses and Permits	-	1,326,400	1,326,400
Fines and Penalties	-	110,700	110,700
Charges for Current Services	-	2,099,606	2,099,606
Investment Income	-	301,112	301,112
Other Revenues	-	8,650,939	8,650,939
Total All Funds Subject to the Limit	**$ 39,044,710**	**$ 12,490,257**	**$ 51,534,967**