



AGENDA ITEM

WRITTEN COMMUNICATIONS

VICTORVILLE WATER DISTRICT MEETING OF: 10/15/2013

SUBMITTED BY: ADMINISTRATIVE SERVICES DEPT DATE: 9/30/2013

BILL WEBB *BN*
Acting Deputy City Manager

ADELE MOSHER
Chief Financial Officer

ATTACHED: RESOLUTION NO. VWD-13-013 AND APPROPRIATIONS LIMIT CALCULATION FOR THE VICTORVILLE WATER DISTRICT.

SUBJECT: REQUEST TO SET THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2013-14.

RECOMMENDATION: Staff recommends adoption of Resolution No. VWD-13-013 approving the appropriations limits for 2013-14 in the amount of \$2,423,450.

FISCAL IMPACT:

Budget Amount: \$0
Total Amount Budgeted in the Account: \$0
Remaining Balance: \$0
Budget Account No.: N/A
Funding Source: N/A

-Finance Division Use Only--	
Additional Appropriation:	
<input checked="" type="checkbox"/> No	
<input type="checkbox"/> Yes/\$Amount:	
<i>Asst</i> Admin. Services Director Review and Approval <u>Adele Mosher</u>	

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 2013-14, the increase in City population growth was used since it was greater than the County's (+1.02% vs. +1.01%). With respect to the economy criterion, the non-residential assessed valuation was used since it was greater than the California personal income (+1.10% vs. +1.05%). The Appropriations Limit for the Fiscal Year 2013-14 may be set at \$2,423,450 (1.02%x1.10%x Fiscal Year 2012-13 limit of \$2,159,076), which calculates to be under the limit by \$2,536,950.

For complete calculation, please see attachments.

RESOLUTION 13-013

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VICTORVILLE WATER DISTRICT ESTABLISHING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2013-2014

WHEREAS, the voters approved the Gann Spending Limitation Initiative (Proposition 4) on November 6, 1979, adding Article XIII B 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 XIII B 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 XIII B 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 2013-14 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 Victorville Water District for Fiscal Year 2013-14 is \$2,423,450.

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.

VICTORVILLE WATER DISTRICT
COMPUTATION OF FY 2013-14 APPROPRIATIONS LIMIT

Attachment A

FY 2012-2013 Appropriations Limit	\$ 2,159,076
Change in City Population	1.62%
(Change in County Population ** = .85%)	
Change in Non-Residential Assessed Valuation	10.4554%
(Change in Per Capita Income* = 5.12%)	
Cumulative Compound Change Factor (1.0162 X 1.104554)	<u>1.1224</u>
FY 2013-2014 Appropriations Limit	<u>\$ 2,423,450</u>

* Source: State of California, Department of Finance, Price and Population Factors

** Source: County of San Bernardino, Auditor - Controller

VICTORVILLE WATER DISTRICT
COMPARISON OF PRELIMINARY
BASE BUDGET TO APPROPRIATION LIMIT

Attachment B

FY 2013-14 Total Proceeds of All Funds Subject to Limit (From Attachment C)	\$ 28,493,950
Less: Non -Tax Proceeds (From Attachment C)	<u>27,968,950</u>
FY 2013-14 Proceeds of Taxes	525,000
Less: Debt Service Appropriations	<u>638,500</u>
FY 2013-14 Net Proceeds of Taxes Subject to the Limit	(113,500)
Less: Fy 2013-14 Appropriation Limit (From Attachment A)	<u>2,423,450</u>
Budget Appropriation Over (Under) the Limit	<u><u>\$ (2,536,950.05)</u></u>

VICTORVILLE WATER DISTRICT
 CALCULATION OF PROCEEDS OF TAXES SUBJECT TO LIMIT
 BASED UPON FY 2013-14 BUDGET (NOT ACTUAL)

Attachment C

	<u>Tax</u> <u>Proceeds</u>		<u>Non-Tax</u> <u>Proceeds</u>		<u>Total</u>
Water District:					
Property Tax	\$ 525,000	\$	-	\$	525,000
License and Permits			16,000	\$	16,000
Fines and Forefeitures			625,000	\$	625,000
Intergovernmental			-	\$	-
Charges for services			26,882,950	\$	26,882,950
Other Revenues	-		445,000	\$	445,000
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Total All Funds Subject to the Limit	\$ 525,000	\$	27,968,950	\$	28,493,950
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