



AGENDA ITEM

CONSENT CALENDAR

CITY COUNCIL / BOARD OF DIRECTORS

MEETING OF: 11/3/2015

SUBMITTED BY: ADMINISTRATIVE SERVICES DEPT

DATE: 09/29/2015

BILL WEBB 
Deputy City Manager

PAT ROSENBERG 
Finance Manager

ATTACHMENT: RESOLUTION NO. 15-066 AND APPROPRIATIONS LIMIT
CALCULATION

SUBJECT: REQUEST TO SET THE APPROPRIATIONS LIMIT FOR THE
FISCAL YEAR 2015-16.

RECOMMENDATION:

Staff recommends adoption of Resolution No. 15-066 approving the 2015-16 Appropriations Limit in the amount of \$886,205,520, per SB 1352 required computations.

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 personal 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 2015-16, the percentage increase in County population growth was used since it was greater than the City's (1.09% vs. 0.78%.) With respect to the economy criterion, the percentage change in California's per capita personal income was used since it was greater than the change in non-residential assessed property valuation (+3.82% vs. +1.096%.) The Appropriations Limit for Fiscal Year 2015-16 may be set at \$886,205,520 (1.0109 x 1.0382 x Fiscal Year 2014-15 limit of \$844,394,177.) The calculation of Fiscal Year 2015-16 Proceeds of Taxes subject to the appropriations limit is \$41,633,614. Therefore, the City of Victorville's general fund is under its appropriations limit by \$844,571,906.

For complete calculation, please see attachments.

BW/PR/cb

RESOLUTION 15-066

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE ESTABLISHING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2015-2016

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 2015-16 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 2015-16 is \$886,205,520.

SECTION 2. The adjustment factors for the City's Appropriations Limit are the change in County of San Bernardino's population and the change in California's per capita personal income.

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.

CITY OF VICTORVILLE
COMPUTATION OF FY 2015-16 APPROPRIATIONS LIMIT

Attachment A

FY 2014-2015 Appropriations Limit	\$ 844,394,177
Change in County Population* = 1.09% OR	1.09%
Change in City Population * = 0.78%	
Change in Non-Residential Assessed Valuation** =1.0960% OR	3.82%
Change in Per Capita Income* = 3.82%	
Cumulative Compound Change Factor (1.0109 X 1.0382)	<u>1.0495</u>
FY 2015-2016 Appropriations Limit	<u><u>\$ 886,205,520</u></u>

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

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

CITY OF VICTORVILLE
COMPARISON OF PRELIMINARY
BASE BUDGET TO APPROPRIATIONS LIMIT

Attachment B

FY 2015-16 Total Proceeds of All Funds Subject to Limit (From Attachment C)	\$ 54,157,135
Less: Non -Tax Proceeds (From Attachment C)	<u>12,523,521</u>
FY 2015-16 Net Proceeds of Taxes Subject to the Limit	41,633,614
Less: FY 2015-16 Appropriation Limit (From Attachment A)	<u>(886,205,520)</u>
Budget Appropriation Over (Under) the Limit	<u>\$ (844,571,906)</u>

CITY OF VICTORVILLE
 CALCULATION OF PROCEEDS OF TAXES SUBJECT TO
 LIMIT BASED UPON FY 2015-16 BUDGET (NOT ACTUAL)

Attachment C

	<u>Tax Proceeds</u>	<u>Non-Tax Proceeds</u>	<u>Total</u>
General Fund:			
Property Tax	\$ 15,508,517	\$ -	\$ 15,508,517
Sales Tax	21,655,509	-	21,655,509
Transportation Sales Tax (Measure I)	-	-	-
Transient Occupancy Tax	1,150,000	-	1,150,000
Property Transfer Tax	281,074	-	281,074
Franchises	3,038,514	-	3,038,514
Motor Vehicle In-Lieu Tax	-	-	-
Intergovernmental	-	65,500	65,500
Licenses and Permits	-	1,521,100	1,521,100
Fines and Penalties	-	110,200	110,200
Charges for Current Services	-	1,978,750	1,978,750
Investment Income	-	415,512	415,512
Other Revenues	-	8,432,459	8,432,459
Total All Funds Subject to the Limit	\$ 41,633,614	\$ 12,523,521	\$ 54,157,135