TOWN OF FAIRFAX
STAFF REPORT

To: **Mayor, Members of the Town Council**

From: **Michael Vivrette, Finance Director**

Date: **September 5, 2012**

Subject: **Adoption of Resolution No. 12-55 Making Certain Findings and Determinations in Compliance with Section XIIB of the California Constitution (Gann Initiative) and Setting the Appropriation Limit for Fiscal Year 2012/13**

RECOMMENDATION

Staff recommends that Council adopt the attached resolution determining the Proposition 4 (Gann) Appropriation Limit calculation for Fiscal Year 2013. The City's Fiscal Year 2013 appropriations are estimated to be $599,114 under the limit, based on the Fiscal Year 2013 Adopted Budget.

DISCUSSION

Article XIIIB of the State Constitution (Proposition 4) passed in 1979 and Proposition 111 (The Gann Initiative) passed in 1990, limit the annual appropriations for State and local governments. The appropriation limit is adjusted annually on the basis of population and per capita income "change factors." These factors are reported to the Town annually by the State Department of Finance and reflect changes for the previous calendar year.

As required by State law, documentation used to compute the Limit has been made available to the public at least fifteen days prior to the Council meeting at which the Limit is being adopted, and notice has been published of the availability of these materials.

Attached is the Appropriation Limit calculation, based on the "change factors". The Appropriation Limit for Fiscal Year 2013 is $5,058,614. Based on the adopted budget for FY 2013 the Town is under its limit by $599,114.

ATTACHMENTS

Resolution No. 12-55
Calculation of Appropriation Limit
Calculation of Proceeds of Taxes
Department of Finance Memo May 2012

AGENDA ITEM # 8

RESOLUTION NO. 12-55

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX MAKING CERTAIN FINDINGS AND DETERMINATIONS IN COMPLIANCE WITH SECTION XIIIB OF THE CALIFORNIA CONSTITUTION (GANN INITIATIVE) AND SETTING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2012-13

BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FAIRFAX, that in compliance with Section XIIIB of the Constitution of California, the following is hereby found and determined:

1. That the appropriation limit for the fiscal year 2011-12 was $4,824,120.

2. That during the calendar year 2012 the population in Marin County increased by 1.05% and the per capita personal income in California increased by 3.77% resulting in an appropriations limit adjustment factor of 1.0486%.

3. That the appropriation limit for the Town of Fairfax for fiscal year 2012-13 is $ 5,058,614.

4. That the Town is under the appropriation limit for 2011-12 by $ 599,114.

The foregoing Resolution was duly passed and adopted at a regular meeting of the Town Council of the Town of Fairfax held in said Town on the 5th of September, 2012, by the following vote, to wit:

AYES:

NOES:

ABSENT:

_____
PAM HARTWELL-HERRERO, MAYOR

Attest:

_____
TOWN CLERK

Appropriation Limit Calculation

CALCULATION OF APPROPRIATION LIMIT

		POP	PERS INCOME	FACTOR	APPROPRIATIONS LIMIT	SUBJECT	DIFF
2009/10	4,674,332	1.0081	1.0062	1.0144	4,741,426	3,983,768	757,658
2010/11	4,741,426	1.0093	0.9746	0.9837	4,664,034	4,220,320	443,714
2011/12	4,664,034	1.0090	1.0251	1.0343	4,824,120	4,201,115	623,005
2012/13	4,824,120	1.0105	1.0377	1.0486	5,058,614	4,459,500	599,114
2013/14	5,058,614						

POPULATION FACTORS - HIGHER OF:

YEAR	FAIRFAX			COUNTY		
ENDED	start	end	%	start	end	%
1/1/2009	7,385	7,434	1.0066	251,251	253,287	1.0081
1/1/2010	7,435	7,492	1.0077	253,271	255,630	1.0093
1/1/2011	7,433	7,497	1.0086	246,844	249,065	1.0090
1/1/2012	7,445	7,522	1.0103	247,423	250,024	1.0105

POPULATION FACTOR 1 - Higher of:

1) City Population increase OR

2) County population increase

PRICE FACTOR 2 - Higher of:

1) Change in Calif per capita personal income OR

2) Change in value of commercial building

TOWN OF FAIRFAX
CALCULATION OF APPROPRIATIONS LIMIT

		2010-11	2011-12	2012-13
		per FY11 budget	per FY12 budget	per FY13 budget
REVENUE:				
PROCEEDS OF TAXES				
Property Taxes - Secured	TAXES	1,942,157	1,922,735	1,917,000
Property Taxes - Unsecured	TAXES	40,400	40,400	50,000
Supplemental Property Taxes	TAXES	35,500	35,500	40,000
Real Estate Transfer Tax	TAXES	30,000	30,000	30,000
Sales Tax	TAXES	338,150	338,150	580,000
In-Lieu Sales Tax (Triple Flip)	TAXES	97,210	97,210	100,000
$50 General Municipal Services Tax	TAXES	188,870	188,870	185,000
Utility Users Tax - Telephone	TAXES	153,400	153,400	154,000
Utility Users Tax - Energy	TAXES	215,250	215,250	220,000
1/2 cent Sales Tax - Prop. 172	TAXES	-	-	50,000
ERAF Excess Distribution	TAXES	446,325	406,323	350,000
ERAF III Shift to State	TAXES	-	-	-
Property Tax In-Lieu of VLF (VLF Swap)	TAXES	499,918	562,268	560,000
Hotel Users Tax	TAXES	12,100	12,100	18,000
Business Licenses	LICENSES	105,000	105,000	110,000
Vehicle License Fees	OTHER AGENCIES	21,000	-	20,000
Storm Run-Off Fee	OTHER AGENCIES	64,000	64,000	58,000
Homeowners Exemption	OTHER AGENCIES	11,891	11,000	13,000
Off Highway/Trailer Coach Vehicle Fees	OTHER AGENCIES	-	-	-
TOTAL PROCEEDS OF TAXES		**4,201,171**	**4,182,206**	**4,455,000**
		91.188%	90.040%	89.998%
NON PROCEEDS OF TAXES				
Garbage	FRANCHISE FEES	165,000	165,000	156,000
Gas & Electric	FRANCHISE FEES	60,000	60,000	60,000
Cable	FRANCHISE FEES	63,000	117,000	117,000
Vehicle Code Fines	FINES	7,500	7,500	10,000
Parking & Other Fines	FINES	47,000	47,000	50,000
Women's Club and Other	RENTAL/MAINT FEES	12,000	12,000	12,000
CYO - Pavilion	RENTAL/MAINT FEES	14,000	14,000	5,000
Pavilion - Other	RENTAL/MAINT FEES	2,000	2,000	10,000
Pavilion - OCA Net Revenue	RENTAL/MAINT FEES			
Police Training Reimbursement (POST)	OTHER AGENCIES	5,000	5,000	8,000
Sale Of Maps & Publications	CHG FOR CURR SERV	500	100	100
Special Police Services (includes booking fees)	CHG FOR CURR SERV	5,000	5,000	5,000
Public Works Services	CHG FOR CURR SERV	-	1,000	1,000
Police Dispatch	CHG FOR CURR SERV			24,000
Miscellaneous - General	CHG FOR CURR SERV	25,000	27,000	37,000
TOTAL NONPROCEEDS OF TAXES		**406,000**	**462,600**	**495,100**
TOTAL REVENUE		**4,607,171**	**4,644,806**	**4,950,100**
ALLOCATION OF INTEREST				
Interest Income	INVESTMENT EARNINGS	21,000	21,000	5,000
Interest allocation factor		91.188%	90.040%	89.998%
ALLOCATION TO Proceeds of Taxes		19,149	18,909	4,500
TOTAL PROCEEDS OF TAXES		**4,220,320**	**4,201,115**	**4,459,500**

DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 2012

Dear Fiscal Officer:

Subject: Price and Population Information

Appropriations Limit
The California Revenue and Taxation Code, Section 2227, mandates the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2012, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2012-2013. Enclosure I provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2012-2013 appropriations limit. Enclosure II provides city and unincorporated county population percentage changes, and Enclosure IIA provides county and incorporated areas' summed population percentage change. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts
Some special districts must establish an annual appropriations limit. Consult the Revenue and Taxation Code, Section 2228 for further information regarding the appropriations limit. You can access the Code from the following website: "http://www.leginfo.ca.gov/calaw.html" check box: "Revenue and Taxation Code" and enter 2228 for the search term to learn more about the various population change factors available to special districts to calculate their appropriations limit. Article XIII B, Section 9(C), of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. Consult the following website: "http://www.leginfo.ca.gov/.const/.article_13B" for additional information. Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this issue should be referred to their respective county for clarification, or to their legal representation, or to the law itself. No State agency reviews the local appropriations limits.

Population Certification
The population certification program applies only to cities and counties. Revenue and Taxation Code Section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2012.**

Please Note: Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

ANA J. MATOSANTOS
Director
By:

MICHAEL COHEN
Chief Deputy Director

Enclosures

May 2012

Enclosure I

A. **Price Factor**: Article XIII B specifies that local jurisdictions select their cost-of-living factor to compute their appropriation limit by a vote of their governing body. The cost-of-living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the 2012-2013 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2012-2013	3.77

B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2012-2013 appropriation limit.

2012-2013:

Per Capita Cost of Living Change = 3.77 percent
Population Change = 0.68 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.77 + 100}{100} = 1.0377$

Population converted to a ratio: $\frac{0.68 + 100}{100} = 1.0068$

Calculation of factor for FY 2012-2013:

$$1.0377 \times 1.0068 = 1.0448$$

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2011 to January 1, 2012 and Total Population, January 1, 2012

County City	Percent Change 2011-2012	— Population Minus Exclusions — 1-1-11	 1-1-12	Total Population 1-1-2012
Marin				
Belvedere	1.01	2,069	2,090	2,090
Corte Madera	1.00	9,258	9,351	9,351
Fairfax	1.03	7,445	7,522	7,522
Larkspur	1.06	11,932	12,058	12,058
Mill Valley	1.47	13,967	14,172	14,172
Novato	1.06	51,560	52,104	52,447
Ross	0.99	2,419	2,443	2,443
San Anselmo	1.02	12,342	12,468	12,468
San Rafael	0.92	57,775	58,305	58,305
Sausalito	1.00	7,067	7,138	7,138
Tiburon	1.00	8,969	9,059	9,059
Unincorporated	1.11	62,620	63,314	67,737
County Total	1.05	247,423	250,024	254,790

(*) Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.