



**TOWN OF FAIRFAX**  
**STAFF REPORT**  
**August 7, 2013**

**TO:** Mayor and Town Council

**FROM:** Michael Vivrette, Finance Director *MV* *GT*

**SUBJECT:** Resolution No. 13-43 Making Certain Findings and Determinations in Compliance with Section XIIB of the California Constitution (Gann Initiative) and Setting the Appropriation Limit for Fiscal Years 2013/14

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**RECOMMENDATION**

Staff recommends that Council adopt the attached resolution determining the Proposition 4 (Gann) Appropriation Limit calculation for Fiscal Year 2014. The City's Fiscal Year 2014 appropriations are estimated to be \$549,564 under the limit, based on the Fiscal Year 2014 Adopted Budget.

**DISCUSSION**

Article XIIB 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 2014 is \$5,339,949. Based on the adopted budget for FY 2014 the Town is under its limit by \$549,564.

**ATTACHMENTS**

Resolution

Calculation of Appropriation Limit

Calculation of Proceeds of Taxes

Department of Finance Memo May 2013

AGENDA ITEM # 5

**RESOLUTION NO. 13-43**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX  
MAKING CERTAIN FINDINGS AND DETERMINATIONS IN  
COMPLIANCE WITH SECTION XIII B OF THE CALIFORNIA  
CONSTITUTION (GANN INITIATIVE) AND SETTING THE  
APPROPRIATIONS LIMIT FOR FISCAL YEAR 2013-14**

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

1. That the appropriation limit for the fiscal year 2012-13 was \$5,058,614.
2. That during the calendar year 2013 the population in Marin County increased by .42% and the per capita personal income in California increased by 5.12% resulting in an appropriations limit adjustment factor of 1.0556%.
3. That the appropriation limit for the Town of Fairfax for fiscal year 2013-14 is \$ 5,339,949.
4. That the Town is under the appropriation limit for 2012-13 by \$ 579,566.

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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 7<sup>th</sup> of August, 2013, by the following vote, to wit:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
JOHN REED, MAYOR

Attest:

\_\_\_\_\_  
TOWN CLERK

Appropriation Limit Calculation

CALCULATION OF APPROPRIATION LIMIT

	POP		PERS INCOME		FACTOR	APPROPRIATIONS		
	POP	INCOME	INCOME	FACTOR		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	1.0042	1.0512	1.0556	5,339,949	4,790,385	549,564	
2014/15	5,339,949							

POPULATION FACTORS - HIGHER OF:

YEAR ENDED	FAIRFAX			COUNTY		
	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
1/1/2013	7,479	7,499	1.0027	248,608	249,652	1.0042

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**

		2011-12	2012-13	2013-14
		per FY12 budget	per FY13 budget	per FY14 budget
<b>REVENUE:</b>				
<b>PROCEEDS OF TAXES</b>				
Property Taxes - Secured	TAXES	1,922,735	1,917,000	2,042,800
Property Taxes - Unsecured	TAXES	40,400	50,000	50,000
Property Taxes - Prior	TAXES			5,000
Supplemental Property Taxes	TAXES	35,500	40,000	45,000
Real Estate Transfer Tax	TAXES	30,000	30,000	25,000
Sales Tax	TAXES	338,150	380,000	405,000
Sales Tax - Measure D	TAXES		200,000	329,500
In-Lieu Sales Tax (Triple Flip)	TAXES	97,210	100,000	140,000
\$50 General Municipal Services Tax	TAXES	188,870	185,000	185,000
Utility Users Tax - Telephone	TAXES	153,400	154,000	130,000
Utility Users Tax - Energy	TAXES	215,250	220,000	240,000
1/2 cent Sales Tax - Prop. 172	TAXES	-	50,000	60,000
ERAF Excess Distribution	TAXES	406,323	350,000	350,000
ERAF III Shift to State	TAXES	-	-	-
Property Tax In-Lieu of VLF (VLF Swap)	TAXES	562,268	560,000	560,000
Hotel Users Tax	TAXES	12,100	18,000	23,500
Business Licenses	LICENSES	105,000	110,000	125,000
Vehicle License Fees	OTHER AGENCIES	-	20,000	1,000
Storm Run-Off Fee	OTHER AGENCIES	64,000	58,000	57,000
Homeowners Exemption	OTHER AGENCIES	11,000	13,000	13,000
Off Highway/Trailer Coach Vehicle Fees	OTHER AGENCIES	-	-	-
<b>TOTAL PROCEEDS OF TAXES</b>		<b>4,182,206</b> 90.040%	<b>4,455,000</b> 89.998%	<b>4,786,800</b> 89.624%
<b>NON PROCEEDS OF TAXES</b>				
Garbage	FRANCHISE FEES	165,000	156,000	175,000
Gas & Electric	FRANCHISE FEES	60,000	60,000	60,000
Cable	FRANCHISE FEES	117,000	117,000	130,000
Vehicle Code Fines	FINES	7,500	10,000	25,000
Parking & Other Fines	FINES	47,000	50,000	50,000
Women's Club and Other	RENTAL/MAINT FEES	12,000	12,000	13,000
CYO - Pavilion	RENTAL/MAINT FEES	14,000	5,000	5,000
Pavilion - Other	RENTAL/MAINT FEES	2,000	10,000	10,000
Pavilion - OCA Net Revenue	RENTAL/MAINT FEES			1,500
Police Training Reimbursement (POST)	OTHER AGENCIES	5,000	8,000	10,000
Sale Of Maps & Publications	CHG FOR CURR SERV	100	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	44,000
Miscellaneous - General	CHG FOR CURR SERV	27,000	37,000	25,600
<b>TOTAL NONPROCEEDS OF TAXES</b>		<b>462,600</b>	<b>495,100</b>	<b>554,200</b>
<b>TOTAL REVENUE</b>		<b>4,644,806</b>	<b>4,950,100</b>	<b>5,341,000</b>
<b>ALLOCATION OF INTEREST</b>				
Interest Income	INVESTMENT EARNINGS	21,000	5,000	4,000
Interest allocation factor		90.040%	89.998%	89.624%
ALLOCATION TO Proceeds of Taxes		18,909	4,500	3,585
<b>TOTAL PROCEEDS OF TAXES</b>		<b>4,201,115</b>	<b>4,459,500</b>	<b>4,790,385</b>



May 2013

Dear Fiscal Officer:

**Subject: Price and Population Information**

**Appropriations Limit**

The California Revenue and Taxation Code, section 2227, mandates the Department of 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, 2013, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2013-14. Attachment A 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 2013-14 appropriations limit. Attachment B provides city and unincorporated county population percentage change. Attachment C provides population percentage change for counties and their summed incorporated areas. 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. Article XIII B, section 9(C), of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. The Code and the California Constitution can be accessed at the following website:  
<http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

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, 2013.**

**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

Attachment

- 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 fiscal year 2013-14 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2013-14	5.12

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2013-14 appropriation limit.

**2013-14:**

Per Capita Cost of Living Change = 5.12 percent  
Population Change = 0.79 percent

Per Capita Cost of Living converted to a ratio:  $\frac{5.12 + 100}{100} = 1.0512$

Population converted to a ratio:  $\frac{0.79 + 100}{100} = 1.0079$

Calculation of factor for FY 2013-14:  $1.0512 \times 1.0079 = 1.0595$

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2012 to January 1, 2013 and Total Population, January 1, 2013**

County City	<u>Percent Change</u>	<u>Population Minus Exclusions</u>		<u>Total</u>
	2012-2013	1-1-12	1-1-13	1-1-2013
Marin				
Belvedere	0.38	2,078	2,086	2,086
Corte Madera	0.25	9,297	9,320	9,320
Fairfax	0.27	7,479	7,499	7,499
Larkspur	0.27	11,989	12,021	12,021
Mill Valley	0.40	14,091	14,147	14,147
Novato	0.76	51,806	52,200	52,554
Ross	0.70	2,429	2,446	2,446
San Anselmo	0.28	12,396	12,431	12,431
San Rafael	0.34	57,982	58,182	58,182
Sausalito	0.27	7,097	7,116	7,116
Tiburon	0.27	9,007	9,031	9,031
Unincorporated	0.34	62,957	63,173	67,174
County Total	0.42	248,608	249,652	254,007

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