



TOWN OF FAIRFAX

STAFF REPORT

July 16, 2014

TO: Mayor and Town Council

FROM: Michael Vivrette, Finance Director 

SUBJECT: Adoption of Resolution 14-__ Making Certain Findings and Determinations in Compliance with Section XIIB of the California Constitution (Gann Initiative) and Setting the Appropriation Limit for Fiscal Years 2014/15

RECOMMENDATION

Adopt the attached resolution determining the Proposition 4 (Gann) Appropriation Limit calculation for Fiscal Year 2015. The City's Fiscal Year 2015 appropriations are estimated to be \$401,896 under the limit, based on the Fiscal Year 2015 Adopted Budget.

DISCUSSION

Article XIIB of the State Constitution (Proposition 4 "The Gann Initiative" passed in 1979), and Proposition 111 (amendments to the Gann Limit, 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.

Attached is the Appropriation Limit calculation, based on the "change factors". The Appropriation Limit for Fiscal Year 2015 is \$5,350,043. Based on the adopted budget for FY 2015 the Town is under its limit by \$401,896.

ATTACHMENTS

Resolution
Calculation of Appropriation Limit
Calculation of Proceeds of Taxes
Department of Finance Memo May 2014

RESOLUTION 14-__

**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 2014-15**

WHEREAS, the Town Council discussed and reviewed the proposed budget for fiscal year 2014-15 at the budget workshop conducted on June 6, 2014, as well as at the public hearing on July 2, 2014,

NOW, THEREFORE, 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. The appropriation limit for the fiscal year 2013-14 was \$5,339,949;
2. During calendar year 2014 the population in Marin County increased by .42% and the per capita personal income in California decreased by .23% resulting in an appropriations limit adjustment factor of 1.0019%, as shown in the attached Exhibit A;
3. The appropriation limit for the Town of Fairfax for fiscal year 2014-15 is \$5,350,043, as shown in Exhibit B;
4. The Town is under the appropriation limit for 2014-15 by \$401,896.

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 16th of July 2014, by the following vote, to wit:

AYES:

NOES:

ABSENT:

DAVID WEINSOFF, Mayor

Attest: _____
Michele Gardner, Town Clerk



May 2014

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, 2014, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2014-15. 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 2014-15 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, 2014.**

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.

MICHAEL COHEN
Director
By:

KEELY M. BOSLER
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 2014-15 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2014-15	-0.23

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2014-15 appropriation limit.

2014-15:

Per Capita Cost of Living Change = -0.23 percent
 Population Change = 0.95 percent

Per Capita Cost of Living converted to a ratio: $\frac{-0.23 + 100}{100} = 0.9977$

Population converted to a ratio: $\frac{0.95 + 100}{100} = 1.0095$

Calculation of factor for FY 2014-15: $0.9977 \times 1.0095 = 1.0072$

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2013 to January 1, 2014 and Total Population, January 1, 2014

County City	<u>Percent Change</u>	<u>Population Minus Exclusions</u>		<u>Total</u>
	2013-2014	1-1-13	1-1-14	1-1-2014
Marin				
Belvedere	0.14	2,091	2,094	2,094
Corte Madera	0.37	9,346	9,381	9,381
Fairfax	0.28	7,520	7,541	7,541
Larkspur	0.40	12,054	12,102	12,102
Mill Valley	0.50	14,186	14,257	14,257
Novato	0.55	52,345	52,633	52,967
Ross	0.33	2,453	2,461	2,461
San Anselmo	0.39	12,466	12,514	12,514
San Rafael	0.39	58,339	58,566	58,566
Sausalito	0.55	7,136	7,175	7,175
Tiburon	0.38	9,056	9,090	9,090
Unincorporated	0.38	63,349	63,587	67,698
County Total	0.42	250,341	251,401	255,846

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

Appropriation Limit Calculation

CALCULATION OF APPROPRIATION LIMIT

	PERS		FACTOR		LIMIT		SUBJECT		DIFF
	POP	INCOME	FACTOR						
2009/10	4,674,332	1.0062	1.0144	4,741,426	3,983,768	757,658			
2010/11	4,741,426	0.9746	0.9837	4,664,034	4,220,320	443,714			
2011/12	4,664,034	1.0251	1.0343	4,824,120	4,201,115	623,005			
2012/13	4,824,120	1.0377	1.0486	5,058,614	4,459,500	599,114			
2013/14	5,058,614	1.0512	1.0556	5,339,949	4,790,385	549,564			
2014/15	5,339,949	0.9977	1.0019	5,350,043	4,948,147	401,896			
2014/15	5,350,043								

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
1/1/2014	7,520	7,541	1.0028	250,341	251,401	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

EXHIBIT #

B

**TOWN OF FAIRFAX
CALCULATION OF APPROPRIATIONS LIMIT**

		2013-14	2014-15
		per FY14 budget	per FY15 budget
REVENUE:			
PROCEEDS OF TAXES			
Property Taxes - Secured	TAXES	2,042,800	2,110,000
Property Taxes - Unsecured	TAXES	50,000	50,000
Property Taxes - Prior	TAXES	5,000	5,000
Supplemental Property Taxes	TAXES	45,000	60,000
Real Estate Transfer Tax	TAXES	25,000	50,000
Sales Tax	TAXES	405,000	575,000
Sales Tax - Measure D	TAXES	329,500	400,000
In-Lieu Sales Tax (Triple Flip)	TAXES	140,000	145,000
\$50 General Municipal Services Tax	TAXES	185,000	-
Utility Users Tax - Telephone	TAXES	130,000	120,000
Utility Users Tax - Energy	TAXES	240,000	230,000
1/2 cent Sales Tax - Prop. 172	TAXES	60,000	60,000
ERAF Excess Distribution	TAXES	350,000	350,000
ERAF III Shift to State	TAXES	-	-
Property Tax In-Lieu of VLF (VLF Swap)	TAXES	560,000	570,000
Hotel Users Tax	TAXES	23,500	25,000
Business Licenses	LICENSES	125,000	125,000
Vehicle License Fees	OTHER AGENCIES	1,000	5,000
Storm Run-Off Fee	OTHER AGENCIES	57,000	54,000
Homeowners Exemption	OTHER AGENCIES	13,000	11,000
Off Highway/Trailer Coach Vehicle Fees	OTHER AGENCIES	-	-
TOTAL PROCEEDS OF TAXES		4,786,800	4,945,000
		89.624%	89.917%
NON-PROCEEDS OF TAXES			
Garbage	FRANCHISE FEES	175,000	167,000
Gas & Electric	FRANCHISE FEES	60,000	58,000
Cable	FRANCHISE FEES	130,000	120,000
Vehicle Code Fines	FINES	25,000	24,000
Parking & Other Fines	FINES	50,000	66,000
Women's Club and Other	RENTAL/MAINT FEES	13,000	9,000
CYO - Pavilion	RENTAL/MAINT FEES	5,000	5,000
Pavilion - Other	RENTAL/MAINT FEES	10,000	21,000
Pavilion - OCA Net Revenue	RENTAL/MAINT FEES	1,500	1,500
Police Training Reimbursement (POST)	OTHER AGENCIES	10,000	2,000
Sale Of Maps & Publications	CHG FOR CURR SERV	100	1,000
Special Police Services (includes booking fees)	CHG FOR CURR SERV	5,000	10,000
Public Works Services	CHG FOR CURR SERV	-	-
Police Dispatch	CHG FOR CURR SERV	44,000	45,000
Miscellaneous - General	CHG FOR CURR SERV	25,600	25,000
TOTAL NONPROCEEDS OF TAXES		554,200	554,500
TOTAL REVENUE		5,341,000	5,499,500
ALLOCATION OF INTEREST			
Interest Income	INVESTMENT EARNINGS	4,000	3,500
Interest allocation factor		89.624%	89.917%
ALLOCATION TO Proceeds of Taxes		3,585	3,147
TOTAL PROCEEDS OF TAXES		4,790,385	4,948,147