



AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING
Meeting Date: June 12, 2018

Agenda Item 6-M
Approvals:
City Manager [Signature]
Dept. Head [Signature]
Attorney _____
Finance [Signature]

Department: Finance & Administrative Services
Prepared By: Judi Vincent, Deputy Administrative Services Director

Subject: *ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR (FY) 2018-19*

Fiscal Impact: None.

Summary: The California Constitution limits the amount an individual city can budget (appropriate) from tax revenue proceeds each year. This limit, called an "appropriations limit", is calculated by each City annually and must be established via a formal resolution of the City's governing body. For FY 2018-19 the City of San Clemente's calculated appropriations limit is \$89,665,541. The amount the City is budgeting from proceeds of taxes for FY 2018-19 is well below this limit.

Background: Article XIII B of the California Constitution specifies that cities annually establish an appropriations limit by formal resolution of the City's governing body. Article XIII B further specifies that this limit may increase annually by a factor comprised of the changes in population for the City or the County (whichever is higher), combined with either the change in California per capita personal income or the change in the local assessment roll due to nonresidential construction. The State Department of Finance transmits an estimate of the percentage change in population to local governments annually, per California Revenue and Taxation Code Section 2227. This information along with the change in California per capita personal income, also provided by the State, is used to establish the appropriations limit for the FY 2018-19 budget.

Discussion: The calculation of San Clemente's appropriation limit for FY 2018-19 is presented on Exhibits I and II, attached to this report. For the fiscal year 2018-19 calculation, the annual adjustment factor is based on population change for the City of San Clemente and the change in California per capita personal income. This results in an overall increase in the appropriations limit of \$3,877,691, or 4.52%, to a total of \$89,665,541. The budgeted proceeds of taxes total \$47,089,080, which represents approximately 52.5% of the \$89,665,541 the City is entitled to appropriate for FY 2018-19. In addition, the City remains in compliance with the appropriations limit established for fiscal year 2017-18.

Recommended

Action: STAFF RECOMMENDS THAT the City Council:

1. Approve selection of the following annual adjustment factors:
 - a. Population change for the City of San Clemente
 - b. Increase in California per capita personal income.

2. Approve the attached resolution establishing the appropriations limit for the Fiscal Year 2018-19.

Attachments: 1) Resolution No. ____ establishing appropriations limit for Fiscal Year 2018-19
2) Exhibit I – Appropriations Limit Computation for Fiscal Year 2018-19
3) Exhibit II – Allocation of Revenues

Notification: None.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, ESTABLISHING AN APPROPRIATIONS LIMIT PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION.

WHEREAS, Article XIII B of the California Constitution provides that the total annual appropriations subject to limitation of each government entity, including this City, shall not exceed the appropriations limit of such government entity for the prior year adjusted for changes in the local assessment roll for non-residential construction or personal income and population, except as otherwise provided in said Article XIII B and implementing State Statutes; and

WHEREAS, pursuant to Article XIII B of the California Constitution, and Section 7900 et seq. of the California Government Code, the City is required to establish its annual appropriations limit; and

WHEREAS, the Deputy Administrative Services Director of the City of San Clemente has calculated and determined that the appropriations limit be established in the amount of \$85,787,850 for the Fiscal Year 2018-19 (the "Appropriations Limit").

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council of the City of San Clemente, California finds that the Appropriations Limit in the amount of \$89,665,541 is hereby established for said Fiscal Year 2018-19.

SECTION 2. That all supporting documentation used in the determination of the Appropriations Limit shall be made available at the office of the City Municipal Services Officer during normal business hours for the personal inspection of the public.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED this ____ day of _____, _____.

Mayor of the City of
San Clemente, California

ATTEST:

CITY CLERK of the City of
San Clemente, California

STATE OF CALIFORNIA)
COUNTY OF ORANGE) §
CITY OF SAN CLEMENTE)

I, JOANNE BAADE, City Clerk of the City of San Clemente, California, do hereby certify that Resolution No. _____ was adopted at a regular meeting of the City Council of the City of San Clemente held on the _____ day of _____, _____, by the following vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Clemente, California, this _____ day of _____, _____.

CITY CLERK of the City of
San Clemente, California

Approved as to form:

City Attorney

**City of San Clemente
Article XIII B: Appropriations Limit Computation
For The Fiscal Year 2018-19**

1. Appropriations limit for FY 2017-18	\$ 85,787,850	(1)
2. Annual Adjustment Factor		
a. Per capita personal income change	3.67%	(2)
b. Population change	0.82%	(3)
(1.0367 times 1.0082)		
	1.04520094	
3. FY 2017-18 limit times annual adjustment factor	89,665,541	
4. Less FY 2017-18 excess user fees or other alterations	0	
5. Appropriations Limit for FY 2018-19	89,665,541	
6. FY 2018-19 proceeds from taxes	47,089,080	
7. Margin	\$ 42,576,461	(4)

Notes:

- (1) Established by resolution 13-24
- (2) Source is the State Department of Finance
- (3) The higher of the City population change or the total County population change is used for this factor. For FY 2018-19, the City change exceeds the County. The difference in City population of 65,543 at 1/2018 and population of 65,009 at 1/2017 divided by 65,0009 = 0.82%
- (4) The comparable margin projected for FY 2017-18 is \$40,027,080 (\$85,787,850 less \$45,760,770)

Worksheet #1 Proceeds of Taxes

City City of San Clemente

FY 2018-19

Revenue Source	a	b	c
Revenue Source	Proceeds of Taxes	Non-Proceeds of Taxes	Total
Taxes			
Property Tax	32,584,070		32,584,070
Sales and Use Tax	9,702,000		9,702,000
Transactions and Use Tax			-
Business License Tax	1,043,000		1,043,000
Utility User Tax			-
Transient Occupancy Tax	2,275,000		2,275,000
Documentary or Real Property Transfer Taxes	700,000		700,000
Parcel Taxes			-
Other Taxes			-
Fees	-	44,543,210	44,543,210
Benefit Assessments			-
Franchises (Cable/Video, Solid Waste, Electric/Gas, etc.)		2,697,000	2,697,000
Fines, Forfeitures and Penalties		1,042,830	1,042,830
Rents, Royalties and Concessions		3,201,660	3,201,660
Gifts			-
Licenses and Permits			
<i>Include regulatory licenses and permits as regulatory fees in Worksheet 2.</i>			
<i>Include public property, facility or equipment rental licenses/permits in "rents" above.</i>			
<i>Include business license taxes in "taxes" above.</i>			
From State			
Motor Vehicle License Fee	35,000		35,000
Homeowners Property Tax Relief Reimb.	155,000		155,000
Williamson Act			-
Motor Vehicle Fuel (gasoline) Tax			-
Proposition 42 Gasoline Sales Tax		3,205,000	3,205,000
Citizens Option for Public Safety (COPS)		100,000	100,000
Proposition 172 Public Safety Sales Tax		450,000	450,000
State Mandate Reimbursements	12,000		12,000
Other discretionary state grants and aid	80,000		80,000
Other non-discretionary state grants and aid		1,268,120	1,268,120
Repealed Subventions			-
Criminal Justice Fee (Booking Fee) Relief			-
Discretionary Local Assistance (1999-00, 2000-01)			-
Police Technology Grants (CLEEP)			-
Liquor License Fees			-
Highway Carriers Uniform Business Tax			-
Financial Aid to Local Agencies			-
Business Inventory Exemption Reimbursement			-
Trailer Coach / Mobile Home VLF			-
1978-79 Bailout Funds			-
Other Governments			
Federal General Revenue Sharing			-
Federal CDBG		156,100	156,100
Housing (HUD)			-
Disaster Reimbursement			-
Other		855,510	855,510
Other Miscellaneous			
Sale of property (See "Qualified Capital Outlays")	-	-	-
Interfund transfers	-	29,583,730	29,583,730
	<i>To Worksheet 4</i>		
1 Sub-Total non-interest revenues	46,586,070	87,103,160	133,689,230
2 Interest Earnings	503,010	940,490	1,443,500
3 Reserve Withdrawals		-	-
	<i>To Worksheet 8</i>		
4 Total	47,089,080	88,043,650	135,132,730
Total revenue plus reserve withdrawals (1c + 3c)			133,689,230

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