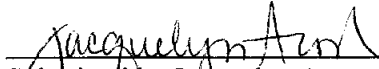


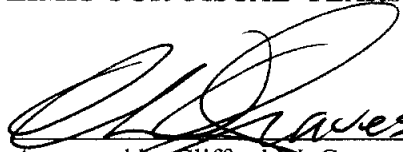


# City of Carson Report to Mayor and City Council

January 18, 2011  
New Business Consent

**SUBJECT: CONSIDERATION OF RESOLUTION NO. 11-001 - THE ADOPTION OF PROPOSITION 4 - APPROPRIATIONS LIMIT FOR FISCAL YEARS 2009/10 AND 2010/11**

  
Submitted by Jacquelyn Acosta  
Administrative Services General Manager

  
Approved by Clifford W. Graves  
Interim City Manager

## I. SUMMARY

Proposition 4 was approved by California voters on November 6, 1979. This proposition, more commonly known as the Gann Initiative, imposes restrictions on the amount of revenue that can be appropriated each year. The Finance Division computes the revised appropriations limit annually, based on changes in the city or county population and changes in the California Per Capita Income (PCI) or change in total assessed valuation due to non-residential new construction within the city.

## II. RECOMMENDATION

TAKE the following actions:

1. ELECT to use the annual percentage change in population of the County of Los Angeles and the net change in total assessed valuation due to non-residential new construction within the city as the factors with which to calculate the city's annual appropriations limit for FY 2009/10.
2. ELECT to use the annual percentage change in population of the County of Los Angeles and the net change in California Per Capita Income as the factors with which to calculate the city's annual appropriations limit for FY 2010/11.
3. WAIVE further reading and ADOPT Resolution No. 11-001, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DETERMINING THE TOTAL ANNUAL APPROPRIATIONS LIMIT FOR THE FISCAL YEARS 2009/10 AND 2010/11."

9.

**III. ALTERNATIVES**

None, the city is required by law to adopt the appropriations limit.

**IV. BACKGROUND**

The appropriations limitation, originally imposed by Proposition 4, creates a restriction on the amount of revenue that can be appropriated in any fiscal year.

The limit is based on the actual appropriations approved during the 1978/79 fiscal year and is increased each subsequent year using the growth of population and inflation as calculation factors. Only those revenues considered proceeds of taxes are restricted.

On June 5, 1990, the California voters passed Proposition 111, which raised the state's gasoline tax and provided for adjustments to the Gann appropriations limit formula. Beginning with the FY 1990/91 appropriations limit, the annual adjustment factors changed. Presently, the city can use the most advantageous factors based on:

The population growth of the city or the population growth within the County;

and

The growth of the California Per Capita Income (PCI) or the growth in the total assessed valuation due to non-residential new construction within the city.

Calculations for the FY 2009/10 appropriations limit are based on information from the State Department of Finance and the Los Angeles County Assessor's Office. The adjustment factors recommended for calculating this year's appropriations limit for the city of Carson are: 1) the percentage change in population in the County of Los Angeles and 2) the net change in total assessed valuation due to non-residential new construction within the city. The County of Los Angeles' net change in population is higher at 0.90% than the city of Carson's net population change of 0.35%. Similarly, the net change in total assessed valuation due to non-residential new construction within the city is higher at 64.62% than the net change in per capita personal income, which is 0.62%. Therefore, using the recommended factors will provide the city with a higher appropriations limit of \$267,756,675.00. The calculation of the appropriations limit and amount subject to that limit (proceeds of taxes) shown on page 2 of Exhibit No. 1 will be submitted to the city's independent auditor for review and an opinion is expected as part of the audit process.

Calculations for the FY 2010/11 appropriations limit are also based on information from the State Department of Finance and the Los Angeles County Assessor's Office. The adjustment factors recommended for calculating this year's appropriations limit for the city of Carson are: 1) the percentage change in population in the County of Los Angeles and 2) the net change in per capita personal income. The County of Los Angeles' net change in population is higher at 0.83% than the city of Carson's net population change of 0.26%. Similarly, the net change in per capita personal income is higher at -2.54% than the net change in total assessed value due to non-residential new construction, which is -148.45%. Therefore, using the recommended factors will provide the city with a higher appropriations limit of \$263,124,485.00. The calculation of the appropriations limit and amount subject to that limit (proceeds of taxes) shown on page 3 of Exhibit No. 1 will be submitted to the city's independent auditor for review and an opinion is expected as part of the audit process.

**V. FISCAL IMPACT**

None.

**VI. EXHIBITS**

1. Resolution No. 11-001, (pg. 5-8)

Document4

Prepared by: Gina Trinidad, Administrative Analyst

TO:Rev010511

Reviewed by:

City Clerk	<u>City Treasurer</u>
<u>Administrative Services</u>	<u>Development Services</u>
<u>Economic Development Services</u>	<u>Public Services</u>

Action taken by City Council	
Date _____	Action _____

RESOLUTION NO. 11-001

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON,  
CALIFORNIA, DETERMINING THE TOTAL ANNUAL APPROPRIATIONS  
LIMIT FOR THE FISCAL YEARS 2009/10 AND 2010/11.

WHEREAS, Article XIII B of the California Constitution provides that the appropriations limit for city's fiscal year is calculated by adjusting the appropriations limit for the prior year by changes in either the increase in California Per Capital Income (PCI) or non-residential assessed valuation and changes in population; and

WHEREAS, the appropriations limit for the Fiscal Years 2009/10 and 2010/11 have been calculated by the Finance Division of the city of Carson; and

WHEREAS, the city of Carson has complied with all the provisions of Article XIII B in determining the appropriations limit for Fiscal Years 2009/10 and 2010/11.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA,  
DOES HEREBY FIND, DETERMINE, ORDER AND RESOLVE AS FOLLOWS:

**Section 1.** The appropriations limit for the city of Carson for FY 2009/10, as calculated on page 2, attached hereto and made a part thereof, is hereby fixed and determined to be \$267,756,675.00.

**Section 2.** The appropriations limit for the city of Carson for FY 2010/11, as calculated on page 3, attached hereto and made a part thereof, is hereby fixed and determined to be \$263,124,485.00.

**Section 3.** The City Clerk shall certify to the adoption of this Resolution and shall maintain said Resolution along with Attachments 1 and 2, attached hereto and made a part thereof, in the City Clerk's office for public inspection.

**PASSED, APPROVED, and ADOPTED** this 18th day of January 2011.

\_\_\_\_\_  
Mayor Jim Dear

ATTEST:

\_\_\_\_\_  
City Clerk Helen S. Kawagoe, MMC

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney



**CITY OF CARSON  
APPROPRIATIONS LIMIT CALCULATION  
FY 2009/10**

<u>Population Change:</u>	<u>City</u>	<u>County</u>
Population 1/1/08	97,818	10,289,936
Population 1/1/09	<u>98,159</u>	<u>10,382,451</u>
Increase	341	92,515
% of change	0.35%	<b>0.90%</b>

Inflation Adjustment Factor:

Net change in California Per Capita Income (PCI)	.62%
<b>or</b>	
Net change in non-residential assessed valuation	<b>64.62%</b>

Growth Factor:                      1.0090 x 1.6462 = **1.6610**

Calculation of FY 2009/10 Appropriations Limit:

FY 2008/09 Appropriations Limit	\$ 161,202,092
Growth Factor	x <u>1.6610</u>
FY 2009/10 Appropriations Limit	<u>\$267,756,675</u>

Appropriations Subject to Limit:

FY 2009/10 Appropriations Subject to Limit	<u>\$ 47,347,042</u>
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Under Appropriations Limit:

FY 2009/10 Appropriations Limit	\$267,756,675
FY 2009/10 Appropriations Subject to Limit	<u>(47,347,042)</u>
Under Appropriations Limit	<u>\$220,409,633</u>



**CITY OF CARSON  
APPROPRIATIONS LIMIT CALCULATION  
FY 2010/11**

<u>Population Change:</u>	<u>City</u>	<u>County</u>
Population 1/1/09	97,795	10,344,319
Population 1/1/10	<u>98,047</u>	<u>10,430,366</u>
Increase	252	86,047
% of change	0.26%	<b>0.83%</b>

Inflation Adjustment Factor:

Net change in California Per Capita Income (PCI)	<b>-2.54%</b>
<b>or</b>	
Net change in non-residential assessed valuation	-148.45%

Growth Factor:                      1.0083   x   0.9746   =   **0.9827**

Calculation of FY 2010/11 Appropriations Limit:

FY 2009/10 Appropriations Limit	\$ 267,756,675
Growth Factor	<u>x 0.9827</u>
FY 2010/11 Appropriations Limit	<u>\$263,124,485</u>

Appropriations Subject to Limit:

FY 2010/11 Appropriations Subject to Limit	<u>\$ 43,302,412</u>
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Under Appropriations Limit:

FY 2010/11 Appropriations Limit	\$263,124,485
FY 2010/11 Appropriations Subject to Limit	<u>(43,302,412)</u>
Under Appropriations Limit	<u>\$219,822,073</u>



