

RESOLUTION NO. 2014- 77

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA  
ESTABLISHING APPROPRIATIONS LIMIT FOR FY 2014-15

WHEREAS, Article XIII B of the California Constitution requires a governmental entity to establish an appropriations limit, and;

WHEREAS, California Government Code Section 7910 requires a local government to establish its appropriations limits by resolution each year, for the following fiscal year, at a regularly scheduled or noticed special meeting, and;

WHEREAS, the appropriations limits were discussed at the June 16, 2015 regularly scheduled meeting, and;

WHEREAS, in May 2014, the State of California Department of Finance determined the change in California's per capita personal income factor, the change in population for the City of Marina and the change in population for the County of Monterey ("EXHIBIT A"), and;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Marina establishes appropriations limit for FY 2015-16 at \$21,434,732 ("Exhibit B").

BE IT FURTHER RESOLVED that any challenge to the appropriations limit must be brought to the City of Marina's attention within forty-five (45) days of the effective date of this resolution.

PASSED AND ADOPTED by the City Council of the City of Marina at regular meeting duly held on the 16<sup>th</sup> day of June 2015, by the following vote:

AYES, COUNCIL MEMBERS: Amadeo, Brown, Morton, Delgado

NOES, COUNCIL MEMBERS: None

ABSTAIN, COUNCIL MEMBERS: None

ABSENT, COUNCIL MEMBERS: O'Connell

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Bruce C. Delgado, Mayor

ATTEST:

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Anita Flanagan, Deputy City Clerk



DEPARTMENT OF  
**FINANCE**  
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 2015

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, 2015, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2015-16. 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 2015-16 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, 2015.**

**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 2015-16 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2015-16	3.82

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2015-16 appropriation limit.

**2015-16:**

Per Capita Cost of Living Change = 3.82 percent  
 Population Change = 0.93 percent

Per Capita Cost of Living converted to a ratio:  $\frac{3.82 + 100}{100} = 1.0382$

Population converted to a ratio:  $\frac{0.93 + 100}{100} = 1.0093$

Calculation of factor for FY 2015-16:  $1.0382 \times 1.0093 = 1.0479$

Fiscal Year 2015-16

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2014 to January 1, 2015 and Total Population, January 1, 2015**

County City	Percent Change 2014-2015	--- Population Minus Exclusions ---		Total Population
		1-1-14	1-1-15	1-1-2015
Monterey				
Carmel-By-The-Sea	0.00	3,747	3,747	3,747
Del Rey Oaks	-0.06	1,661	1,660	1,660
Gonzales	-0.07	8,363	8,357	8,357
Greenfield	-0.05	16,879	16,870	16,870
King City	1.81	13,179	13,417	13,417
Marina	3.21	20,222	20,872	20,872
Monterey	-0.23	24,207	24,151	28,163
Pacific Grove	-0.04	15,394	15,388	15,388
Salinas	-0.06	154,815	154,720	154,720
Sand City	5.85	342	362	362
Seaside	0.42	29,358	29,482	33,672
Soledad	-0.07	16,253	16,241	24,540
Unincorporated	0.23	102,853	103,085	103,645
County Total	0.26	407,273	408,352	425,413

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

**CITY OF MARINA  
APPROPRIATION LIMIT FOR FISCAL YEAR 2015-16**

The appropriations limit creates a restriction on the amount of revenue which can be appropriated in any fiscal year. Only revenues that are 'proceeds of taxes,' as defined by the State code, are subject to the limitation. The basis for calculating the limit began in fiscal year 1978-79 and is calculated each year based on population changes and inflation.

2012/13 Adopted Appropriation Limit		\$ 18,742,175
<u>Annual Adjustment</u>		
Change in Population	0.81%	
Converted to Ratio		1.0081
Change in Per Capita Income	5.12%	
Converted to Ratio		1.0512
Combined Factor	1.0081 x	1.0512 = 1.0597
<b>2013/14 Appropriation Limit</b>		<b>\$ 19,861,359</b>

2013/14 Adopted Appropriation Limit		\$ 19,861,359
<u>Annual Adjustment</u>		
Change in Population	0.95%	
Converted to Ratio		1.0095
Change in Per Capita Income	-0.23%	
Converted to Ratio		0.9977
Combined Factor	1.0095 x	0.9977 = 1.0072
<b>2014/15 Appropriation Limit</b>		<b>\$ 20,003,927</b>

2014/16 Adopted Appropriation Limit		\$ 20,003,927
<u>Annual Adjustment</u>		
Change in Population	3.21%	
Converted to Ratio		1.0321
Change in Per Capita Income	3.82%	
Converted to Ratio		1.0382
Combined Factor	1.0321 x	1.0382 = 1.0715
<b>2014/15 Appropriation Limit</b>		<b>\$ 21,434,732</b>

<u>Estimated FY15/16</u>	
taxes	\$ 12,750,800
interest income	\$ 30,000
total revenues	\$ 12,780,800
subject to limit	
available\$	\$ 5,961,375
available%	32%

June 10, 2015

Item No. **8j(2)**

Honorable Mayor and Members  
of the Marina City Council

City Council Meeting  
of June 16, 2015

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2015-,  
ESTABLISHING APPROPRIATIONS LIMIT FOR FY 2015-16**

**REQUEST:**

It is requested that the City Council:

1. Consider Adopting Resolution No. 2015-, establishing appropriations limit for FY 2015-16.

**BACKGROUND:**

Article 13B of the California Constitution states that a local government's annual appropriations shall not exceed the appropriations limit of the prior year, adjusted for the change in the cost of living and the change in population. Cost of living and population changes for all local governments are determined by the California Department of Finance.

The appropriations limit creates a restriction on the amount of revenue that can be appropriated in any fiscal year. Only revenues that are "proceeds of taxes" are subject to the limitation as defined by the law. Interestingly, this includes State subventions, which are "money received by a local agency from the State, the use of which unrestricted by the statute providing the subvention (Government Code Section 7903)."

Government Code Section 7910 requires a local government to establish its appropriations limit by resolution each year, for the following fiscal year, at a regularly scheduled or noticed special meeting. The meeting of June 14, 2014 has been noticed via regular agenda posting locations, the City website and local newspaper.

**ANALYSIS:**

As part of the establishment of its annual appropriations limit, the City must formally adopt the two (2) variables used in the calculation as determined by the Department of Finance:

1. Cost-of-living change factor, and;
2. Population change factor.

In May 2015, the State of California Department of Finance has determined the change in California's per capita personal income factor as 3.82%, the change in population for the City of Marina as 3.21% and the change in population for the County of Monterey to be 0.26% ("**EXHIBIT A**").

Government Code Section 7901(b) states "a city or special district may choose to use the change in population within its jurisdiction or within the county in which it is located."

These figures combine to produce an appropriations limit calculation factor of 1.0715, which, when applied to the FY 2014-16 appropriations limit of \$20,003,927, produces a FY 2015-16 appropriations limit of \$21,434,732 (“**EXHIBIT B**”).

Based upon the above FY 2015-16 appropriation limit of \$21,434,732 and City FY 2015-16 estimated total applicable City local proceed of tax sources, State subventions and/or applicable interest income of approximately \$12.8 million, the City is approximately \$6 million (or 32%) below the limit. Therefore, the City is well within the limit and is compliant with this California State law.

Any challenge to the appropriations limit must be brought to the City of Marina’s attention within forty-five (45) days of the effective date of this resolution.

**FISCAL IMPACT:**

None

**CONCLUSION:**

This request is submitted for City Council consideration and possible action.

Respectfully submitted,

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Lauren Lai, CPA  
Finance Director  
City of Marina

**REVIEWED/CONCUR:**

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Layne P. Long  
City Manager  
City of Marina