

RESOLUTION NO. 2016-87

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 21, 2016 regularly scheduled meeting, and;

WHEREAS, in May 2016, 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 2016-17 at \$22,647,097 ("**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 21st day of June 2016, by the following vote:

AYES: COUNCIL MEMBERS: Amadeo, Morton, O'Connell, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: Brown

ABSTAIN: COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, 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 2016

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

The California Revenue and Taxation Code, section 2227, requires 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, 2016, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2016-17. 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 2016-17 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the 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. The Revenue and Taxation Code, section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California 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 requirement should be directed to their county, district legal counsel, or 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, 2016.**

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:

AMY COSTA
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 2016-17 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2016-17	5.37

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2016-17 appropriation limit.

2016-17:

Per Capita Cost of Living Change = 5.37 percent
 Population Change = 0.90 percent

Per Capita Cost of Living converted to a ratio: $\frac{5.37 + 100}{100} = 1.0537$

Population converted to a ratio: $\frac{0.90 + 100}{100} = 1.0090$

Calculation of factor for FY 2016-17: $1.0537 \times 1.0090 = 1.0632$

Fiscal Year 2016-17

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2015 to January 1, 2016 and Total Population, January 1, 2016

County City	Percent Change 2015-2016	-- Population Minus Exclusions --		Total Population
		1-1-15	1-1-16	1-1-2016
Monterey				
Carmel-By-The-Sea	0.24	3,824	3,833	3,833
Del Rey Oaks	0.66	1,655	1,666	1,666
Gonzales	0.74	8,411	8,473	8,473
Greenfield	2.94	16,947	17,446	17,446
King City	1.52	14,008	14,221	14,221
Marina	2.37	20,496	20,982	20,982
Monterey	0.38	24,698	24,792	28,610
Pacific Grove	0.66	15,251	15,352	15,352
Salinas	0.98	159,486	161,042	161,042
Sand City	1.33	376	381	381
Seaside	-0.38	30,280	30,166	34,071
Soledad	0.80	16,510	16,642	25,556
Unincorporated	0.90	104,121	105,053	105,545
County Total	0.96	416,063	420,049	437,178

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

June 16, 2016

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

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of June 21, 2016

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2016-,
ESTABLISHING APPROPRIATIONS LIMIT FOR FY 2016-17**

REQUEST:

It is requested that the City Council:

1. Consider Adopting Resolution No. 2016-, establishing appropriations limit for FY 2016-17.

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 21, 2016 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 2016, the State of California Department of Finance has determined the change in California's per capita personal income factor as 5.37%, the change in population for the City of Marina as 2.37% and the change in population for the County of Monterey to be 0.96% ("**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 1.0566, which, when applied to the FY 2015-16 appropriations limit of \$21,434,732, produces a FY 2016-17 appropriations limit of \$22,647,097 ("**EXHIBIT B**").

Based upon the above FY 2016-17 appropriation limit of \$22,647,097 and City FY 2016-17 estimated total applicable City local proceed of tax sources, State subventions and/or applicable interest income of approximately \$14.2 million, the City is approximately \$8 million (or 45%) 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,

Lauren Lai, CPA
Finance Director
City of Marina

REVIEWED/CONCUR:

Layne P. Long
City Manager
City of Marina