REEDLEY CITY COUNCIL

☒ Consent
☐ Regular Item
☐ Workshop
☐ Closed Session
☐ Public Hearing

ITEM NO: 3

DATE: May 24, 2016

TITLE: ADOPT RESOLUTION NO. 2016-049 ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR FISCAL YEAR 2016-17

SUBMITTED: Paul A. Melikian, Finance & Administrative Services Director

APPROVED: Nicole R. Zieba, City Manager

RECOMMENDATION

That the City Council adopt Resolution No. 2016-049 establishing the 2016-17 fiscal year Appropriations Limit at $17,117,161.

BACKGROUND

California Proposition 4, the "Gann Limit" Initiative (1979), created Article XIIIB of the State Constitution placing limits on the amount of revenue which can be spent by all entities of government. Proposition 4 became effective for the 1980-81 fiscal year, but the formula for calculating the limits was based on the 1978-79 "base year" revenues. Proposition 111, approved by the voters in June 1990, provided new adjustment formulas to make the Appropriations Limit more responsive to local growth issues.

The Appropriations Limit applies to "all taxes levied by and for" an agency. This would include revenue received from property tax, sales tax, business license tax, motor vehicle fines, etc... It does not include Enterprise Fund revenues or successor redevelopment agency's tax increment revenues. (Redevelopment Agencies did not have the power to levy a property tax and were therefore exempt from the Appropriations Limit requirements.)

Article XIIIB of the California Constitution specifies that each city, when calculating their Appropriations Limit, may choose the growth in the California Per Capita Income or the growth in the non-residential assessed valuation due to new construction within the City and the population growth of the City or that of Fresno County. These are both annual elections.

For the 2016-17 Appropriations Limit, the City has used the change in California's per capita personal income and the population growth of the City of Reedley. Proposition 111 requires a review of the Appropriations Limit during the annual financial audit. The limit applies both to appropriation of tax proceeds and taxes received. For Fiscal Year 2016-17, both revenues and appropriations are well within the Constitutional limit of $17,117,161. There is no fiscal impact to the City.

ATTACHMENTS

1. Resolution No. 2016-049
2. Department of Finance Price and Population Information
3. Appropriations Limit Worksheet

RESOLUTION NO. 2016-049

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REEDLEY ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR FISCAL YEAR 2016-17

WHEREAS, Article XIIIB of the California Constitution requires cities to adopt annual appropriations limits; and

WHEREAS, Government Code Section 7910 requires each local government to establish its appropriation limit by resolution each year at a regularly scheduled meeting or a noticed special meeting; and

WHEREAS, the annual adjustment factors used in determining the appropriations limit requires a recorded vote of the City Council; and

WHEREAS, any challenge to the appropriations limit must be brought within 45 days of the effective date of this resolution.

NOW, THEREFORE, BE IT RESOLVED THAT the Appropriations Limit for the fiscal year 2016-17 is hereby set at $17,117,161 and that one copy of the Appropriations Limit Worksheet, attached hereto and made a part hereof, describes how the appropriations limit was computed.

BE IT FURTHER RESOLVED THAT the City of Reedley has used the change in California's per capita personal income and the City of Reedley's population growth as annual adjustment factors for determining the Appropriations Limit, but that these factors may change in the future should other pertinent information become available.

BE IT FURTHER RESOLVED THAT any challenges to said Appropriations Limit must be filed in writing with the City Manager by no later than 45 days after the adoption of this Resolution. If challenges are made, the matter shall be set for hearing before the City Council at its next regularly scheduled meeting.

This foregoing resolution is hereby adopted this 24th day of May, 2016, by the following vote:

AYES: Betancourt,Beck,Fast,Rodriguez,Soleno.

NOES: None.

ABSTAIN: None.

ABSENT: None.

Ray Soleno, Mayor

ATTEST:

Sylvia Plata, City Clerk

CITY OF REEDLEY
INCORPORATED FEB. 18, 1913

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

May 2016

Attachment A

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 --- 1-1-15	 1-1-16	Total Population 1-1-2016
Fresno				
Clovis	2.63	105,269	108,039	108,039
Coalinga	2.07	12,064	12,314	16,667
Firebaugh	0.38	8,123	8,154	8,154
Fowler	1.64	5,848	5,944	5,944
Fresno	0.74	516,373	520,194	520,453
Huron	1.59	6,806	6,914	6,914
Kerman	0.57	14,284	14,366	14,366
Kingsburg	0.50	12,041	12,101	12,101
Mendota	1.11	11,634	11,763	11,763
Orange Cove	0.67	9,159	9,220	9,220
Parlier	2.39	15,035	15,395	15,395
Reedley	0.22	25,943	25,999	25,999
Sanger	2.43	25,407	26,024	26,024
San Joaquin	0.22	4,038	4,047	4,047
Selma	1.27	24,533	24,844	24,844
Unincorporated	0.60	172,290	173,332	174,611
County Total	1.01	968,847	978,650	984,541

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

PUBLIC NOTICE

CITY OF REEDLEY
FISCAL YEAR 2016-17
APPROPRIATIONS LIMIT WORKSHEET

PER CAPITA PERSONAL INCOME & POPULATION CHANGE METHOD

2015-16 APPROPRIATIONS LIMIT	$16,209,433

FACTORS	CHANGE	RATIO
Per Capita Personal Income	5.37%	1.0537
Population Change	0.22%	1.0022

Calculation Factor: 1.0537 X 1.0022 = 1.0560

2016-17 APPROPRIATIONS LIMIT	**$17,117,161**

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1. Pursuant to Government Code Section 7910, the Reedley City Council will consider adopting a resolution on May 24, 2016 to establish its appropriations limit for Fiscal Year 2016-17. Documentation used in the determination of the appropriations limit is available for public inspection, during regular business hours, at the Office of the Director of Finance, City Hall, 845 "G" Street, Reedley, CA 93654.

2. The 2016-17 appropriations limit was developed based upon information provided by the State of California Department of Finance and Government Code Section 7900 et seq.

3. The above illustrates that the appropriations limit for the 2016-17 Fiscal Year has been calculated at $17,117,161. This limit applies both to appropriation of tax proceeds and taxes received. Both revenues and appropriations for Fiscal Year 2015-16 are well within the Constitutional limits.

Paul Melikian
Director of Finance & Administrative Services

Posted – April 28, 2016