

RESOLUTION NO. 2018-54

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
ESTABLISHING APPROPRIATIONS LIMIT FOR FY 2018-19

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 5, 2018 regularly scheduled meeting, and;

WHEREAS, in May 2018, 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 2018-19 at \$25,768,768 ("**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 5th day of June 2018, by the following vote:

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

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

ATTEST:

Bruce C. Delgado, Mayor

Anita Sharp, Deputy City Clerk

EXHIBIT B
CITY OF MARINA
APPROPRIATION LIMIT FOR FISCAL YEAR 2018-19

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.

2016/17 Adopted Appropriation Limit					\$ 23,121,060	
<u>Annual Adjustment</u>						
Change in Population	2.38%					
Converted to Ratio			1.0238			
Change in Per Capita Income	3.69%					
Converted to Ratio			1.0369			
Combined Factor	1.0238	x	1.0369	=	1.0616	
2017/18 Appropriation Limit					\$ 24,544,814	
2017/18 Adopted Appropriation Limit					\$ 24,544,814	
<u>Annual Adjustment</u>						
Change in Population	1.27%					
Converted to Ratio			1.0127			
Change in Per Capita Income	3.67%					
Converted to Ratio			1.0367			
Combined Factor	1.0127	x	1.0367	=	1.0499	
2017/18 Appropriation Limit					\$ 25,768,768	(a)
<u>Estimated FY18/19</u>						
	taxes				\$ 18,083,600	
	interest income				\$ 263,900	
	total revenues				\$ 18,347,500	(b)
	subject to limit					
			available\$		\$ 7,421,268	(c) = (a) - (b)
			available%		30%	(c)/(a)

May 24, 2018

Item No. **8f(1)**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of June 5, 2018

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2018-,
ESTABLISHING APPROPRIATIONS LIMIT FOR FY2018-19**

REQUEST:

It is requested that the City Council:

1. Consider Adopting Resolution No. 2018-, establishing appropriations limit for FY 2018-19.

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 5, 2018 has been noticed via regular agenda posting locations and City website.

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 2018, the State of California Department of Finance has determined the change in California's per capita personal income factor as 3.67%, the change in population for the City of Marina as 1.27% and the change in population for the County of Monterey to be 0.35% ("**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 1.0499, which, when applied to the FY 2017-18 appropriations limit of \$24,544,814, produces a FY 2018-19 appropriations limit of \$25,768,768 ("**EXHIBIT B**").

Based upon the above FY 2018-19 appropriation limit of \$25,768,768 and City FY 2018-19 estimated total applicable City local proceed of tax sources, State subventions and/or applicable interest income of approximately \$18.3 million, the City is approximately \$7.4 million (or 30%) 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