City of Needles, California
Request for City Council Action

☒ CITY COUNCIL ☐ NPUA ☐ SARDA ☒ Regular ☐ Special

Meeting Date: August 13, 2019

Title: Adoption of Resolution Number **2019-46** establishing the appropriations subject to limit for fiscal year 2019-2020

Background: The adoption of this resolution is a requirement of Article XIII B of the Constitution of the State of California, Section 7902 (a). Also known as the Gann Appropriations Limit, it was approved on November 6, 1979, by California voters. Under the Gann Limit, a maximum amount is established for tax-funded government services. That amount is to be adjusted each year depending on changes in population, inflation and the transfer of financial responsibility for various government activities from one level of government to another. Any significant amount of state tax revenue received above that Gann Limit may lead to future tax rebates or tax cuts. The total annual budget appropriations subject to limitations shall not exceed the appropriations limit.

The appropriations limit for the City of Needles is: $10,421,830. The current budget appropriation is $2,618,781.

Fiscal Impact: For fiscal year 2019-2020 the City of Needles is limited to $10,421,830 in tax revenue appropriations.

Recommended Action: **Adoption of Resolution Number 2019-46 establishing the appropriations subject to limit for Fiscal Year 2020**

Submitted By: Sylvia Miledi, Finance Director

City Management Review: Rick **Date:** 8/8/19

Approved: ☐ Not Approved: ☐ Tabled: ☐ Other: ☐

Agenda Item: 18

RESOLUTION NO. 2019-46

2019 - 2020
A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF NEEDLES, CALIFORNIA, ESTABLISHING THE APPROPRIATIONS
LIMIT FOR FISCAL YEAR :
2019 - 2020
FOR THE CITY OF NEEDLES IN ACCORDANCE WITH
THE PROVISIONS OF DIVISION 9 OF TITLE I
OF THE CALIFORNIA GOVERNMENT CODE

WHEREAS, Article XIII B of the Constitution of the State of California as proposed by the Initiative Measure approved by the people at the special statewide election held on November 6, 1979, and amended in June 1990 by the People of the State of California (Proposition III), provides that the total annual appropriations subject to limitations of each local government shall not exceed the appropriations limit of such entity for the prior year, adjusted for changes in the cost of living and population, except as otherwise specifically provided for in said Article; and

WHEREAS, the State Legislature added Division 9 (commencing with Section 7900) to Title I of the Government Code of the State of California to implement Article XIII B of the California Constitution; and

WHEREAS, Section 7910 of the Government Code provides that each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit for the following fiscal year pursuant to Article XIII B at a regularly scheduled meeting or a noticed special meeting; and

WHEREAS, Proposition III was approved by the voters of the State of California, requires a recorded vote of the City Council regarding which the annual adjustment factors have been selected each year; and

WHEREAS, at the time of adoption of this Resolution, data necessary to calculate the increase in nonresidential assessed valuation was not available from the County Assessor's office; and

WHEREAS, Section 7902 (a) of the Government Code sets forth the method for determining the appropriations limit for each local jurisdiction for the fiscal year 2019 - 2020 ; and

WHEREAS, The City Council of the City of Needles wishes to establish the appropriations limit for the fiscal year 2019 - 2020 for the City of Needles

NOW, THEREFORE, BE IT RESOLVED by The City Council of the City of Needles, California, as follows:

Section 1: That it is hereby found and determined that the documentation used in the determination of the appropriations limit for the City of Needles for the fiscal year 2019 - 2020 was available to the public in the Finance Department of said City at least fifteen days prior to this date.

Section 2: That the growth in California Per Capita Income and City Population were selected for the 2019 - 2020 fiscal year.

Section 3: That there may be a need to amend the inflation factor selected and adjust the Appropriations Limit once the nonresidential assessed valuation data becomes available from the County Assessor's Office.

Section 4: That the appropriations limit for the City of Needles as established in accordance with section 7902 (a) of the California Government Code is : $ 10,421,830 .

PASSED, APPROVED, AND ADOPTED at an adjourned regular meeting of the City Council of the City of Needles, California, held on the 13th day of August 2019.

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Mayor

(SEAL)

ATTEST: _____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

			City of Needles				
		Appropriations Limit Computation					
			2019 - 2020				
	Population Change:						
	City				0.36%	(see attached source)	
	Per Capita Personal Income Change				3.85%	(see attached source)	
	Population Change Converted						
	to a Ratio				0.0036	100.00	1.00004
	Per Capita Personal Income Change						
	Converted to a Ratio		3.85	100	1.03850		
	Calculation of Growth Factor						
	0.0036	1.0385%			0.003739%		
	2018 - 2019	Limit		=	$ 10,035,465		
	2019 - 2020	Appropriation limit					
	mult last yr's	by this yr's					
	limit:	growth factor:					
	$ 10,035,465	1.0385		=	***$ 10,421,830***		

CITY OF NEEDLES				
CALCULATION OF PROCEEDS FROM TAXES				
Budgeted Revenues				
2019 - 2020				
		Proceeds		
		From Taxes		
Property Taxes		$1,193,781		
Sales Taxes		$450,000		
1/2 Cent Sales Tax		$68,000		
Transient Lodging Tax		$850,000		
Business Licenses		$57,000		
Total Tax Revenue.....		$2,618,781		
Appropriations Subject to Limit		$2,618,781		
Limit for:	2019 - 2020	$10,421,830		
Over (Under) Limit		**($7,803,049)**		

Fiscal Year 2019-20

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2018 to January 1, 2019 and Total Population, January 1, 2019

County City	Percent Change 2018-2019	--- Population Minus Exclusions --- 1-1-18	 1-1-19	Total Population 1-1-2019
San Bernardino				
Adelanto	0.07	34,466	34,489	35,136
Apple Valley	0.79	72,891	73,464	73,464
Barstow	0.20	23,682	23,730	24,150
Big Bear Lake	0.63	5,427	5,461	5,461
Chino	2.43	82,328	84,329	89,829
Chino Hills	1.18	83,379	84,364	84,364
Colton	0.61	54,061	54,391	54,391
Fontana	1.25	209,455	212,078	212,078
Grand Terrace	0.67	12,570	12,654	12,654
Hesperia	1.30	95,127	96,362	96,362
Highland	0.82	55,326	55,778	55,778
Loma Linda	1.41	23,922	24,259	24,335
Montclair	0.87	39,220	39,563	39,563
Needles	0.36	5,067	5,085	5,085
Ontario	2.31	174,244	178,268	178,268
Rancho Cucamonga	0.44	178,619	179,412	179,412
Redlands	0.56	71,441	71,839	71,839
Rialto	0.65	106,582	107,271	107,271
San Bernardino	0.11	217,452	217,695	219,233
Twentynine Palms	1.85	18,502	18,845	28,958
Upland	0.58	78,027	78,481	78,481
Victorville	0.78	122,052	123,010	126,543
Yucaipa	1.01	54,293	54,844	54,844
Yucca Valley	0.66	21,905	22,050	22,050
Unincorporated	0.53	303,177	304,788	312,654
County Total	0.90	2,143,215	2,162,510	2,192,203

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

DEPARTMENT OF FINANCE
GAVIN NEWSOM • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 2019

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit
California Revenue and Taxation Code section 2227 requires the Department of 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, 2019, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2019-20. 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 2019-20 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. California 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 section 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. California 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, 2019.**

Please Note: The 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.

KEELY BOSLER
Director
By:

Vivek Viswanathan
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 2019-20 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2019-20	3.85

B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2019-20 appropriation limit.

2019-20:

Per Capita Cost of Living Change = 3.85 percent
Population Change = 0.47 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.85 + 100}{100} = 1.0385$

Population converted to a ratio: $\frac{0.47 + 100}{100} = 1.0047$

Calculation of factor for FY 2019-20: $1.0385 \times 1.0047 = 1.0434$