

May 30, 2007

Honorable Mayor and Members of  
the Hermosa Beach City Council

City Council Meeting of  
June 12, 2007

## ADOPTION OF THE 2007-2008 APPROPRIATION LIMIT

### **Recommendation:**

It is recommended that the City Council adopt Resolution 07- setting the 2007 -  
2008 appropriations limit.

### **Background:**

In November of 1979, Article XIII B of the California State Constitution was added by the voters through Proposition 4. This Article established limits, using a formula, on state and local governments for appropriation of revenue from tax proceeds.

On June 5, 1990, Proposition 111, modified the method of calculating the limit, beginning with fiscal year 1990-91, to allow the City to choose the most beneficial of two adjustment factors for inflation and population as follows:

Inflation	California Per Capita Personal Income change or Increase in Non-Residential Assessed Valuation Due to New Construction.
Population	City Population Growth or County Population Growth.

Proposition 111 also implemented a requirement that our Appropriation Limit be reviewed annually by our independent auditor.

### **Analysis:**

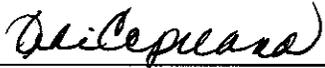
The 2007-2008 limit was calculated, per the League of California Cities Uniform Guidelines, by applying the population and inflation factors to the prior year limit. The County of Los Angeles Population Change of .72% was used as the population growth factor since it is greater than the population increase of .07% for the City. The increase of 4.42% for California Per Capita Personal Income change was used as the inflation factor since the other growth factor for inflation, the Increase in Non-Residential Assessed Valuation Due to New Construction is .22%. The factor with the largest change is always chosen to give the City maximum discretion with regard to appropriations.

The law requires adoption of the 2007-2008 limit by resolution and a recorded vote of the Council to select annual adjustment factors. The choice is set forth in the attached resolution.

The limit calculation will be reviewed by our auditors during the annual financial audit.

Respectfully submitted,

Concur:

  
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Viki Copeland,  
Finance Director

  
\_\_\_\_\_  
Stephen Surrell,  
City Manager

**RESOLUTION NO. 07-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH,  
CALIFORNIA, APPROVING AND ADOPTING THE ANNUAL APPROPRIATIONS  
LIMIT FOR THE FISCAL YEAR 2007-2008**

**WHEREAS**, the voters of California, on November 6, 1979, added Article XIII B to the State Constitution, placing various limitations on appropriations of state and local governments; and

**WHEREAS**, Article XIII B provides that the appropriations limit for the fiscal year 2007-2008 is calculated by adjusting the base year appropriations of fiscal year 1978-79 and subsequent years for changes in the cost of living and population; and

**WHEREAS**, Proposition 111 (Section 1.5 of Article XIII B), enacted by the voters on June 5, 1990, modified the method of calculating the limit, beginning with fiscal year 1990-91; and

**WHEREAS**, the City of Hermosa Beach has complied with all of the provisions of Article XIII B in determining the appropriations limit for fiscal year 2007-2008;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH, CALIFORNIA, DOES RESOLVE AS FOLLOWS;**

**SECTION 1.** That the City of Hermosa Beach chooses to use the California Per Capita Personal Income change as the inflation adjustment factor for fiscal year 2007-2008.

**SECTION 2.** The City of Hermosa Beach chooses to use the Change in Population for the County of Los Angeles as the growth adjustment factor for fiscal year 2007-2008.

**SECTION 3.** The City of Hermosa Beach uses the Uniform Guidelines published by the League of California Cities in March 1991 to determine the limit and appropriations subject to the limit.

**SECTION 4.** Documentation for calculation of the limit is on file in the Finance Department and will be reviewed by the City's auditors during the annual financial audit, as required by Proposition 111.

**SECTION 5.** The appropriations limit for the City of Hermosa Beach for fiscal year 2007-2008 is \$24,853,472.

**PASSED, APPROVED and ADOPTED this 12th day of June 2007.**

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**PRESIDENT of the City Council, and MAYOR of the  
City of Hermosa Beach, California**

**ATTEST:**

\_\_\_\_\_ **CITY CLERK**

**APPROVED AS TO FORM:**

\_\_\_\_\_ **CITY ATTORNEY**

**CITY OF HERMOSA BEACH  
2007-08 CALCULATION OF APPROPRIATION LIMIT  
HISTORY OF LIMITATION**

Limitation for 1986-87 Fiscal Year		\$8,609,437
<b>1987-88</b>		
Per Capita Income Change =	3.47%	
		>1.0544
County of Los Angeles Population Change =	1.91%	
Limitation		\$9,077,790
<b>1988-89</b>		
Per Capita Income Change =	4.66%	
		>1.0655
County of Los Angeles Population Change =	1.81%	
Limitation		\$9,672,386
<b>1989-90</b>		
Per Capita Income Change =	5.19%	
		>1.0638
County of Los Angeles Population Change =	1.14%	
Limitation		\$10,289,484
<b>1990-91</b>		
Per Capita Income Change =	4.21%	
		>1.0562
County of Los Angeles Population Change =	1.36%	
Limitation		\$10,867,753
<b>1991-92</b>		
Per Capita Income Change =	4.14%	
		>1.0594
County of Los Angeles Population Change =	1.73%	
Limitation		\$11,513,297
<b>1992-93</b>		
Per Capita Income Change =	-0.64%	
		>1.0084
County of Los Angeles Population Change =	1.49%	
Limitation		\$11,610,009
<b>1993-94</b>		
Per Capita Income Change =	2.72%	
		>1.0371
County of Los Angeles Population Change =	0.96%	
Limitation		\$12,040,740
<b>1994-95</b>		
Per Capita Income Change =	0.71%	
		>1.0147
County of Los Angeles Population Change =	0.75%	
Limitation		\$12,217,739

**CITY OF HERMOSA BEACH  
2007-08 CALCULATION OF APPROPRIATION LIMIT  
HISTORY OF LIMITATION**

<b>1995-96</b>		
Per Capita Income Change =	4.72%	
		>1.0507
County of Los Angeles Population Change =	0.33%	
Limitation		\$12,837,178
<b>1996-97</b>		
Per Capita Income Change =	4.67%	
		>1.0517
County of Los Angeles Population Change =	0.48%	
Limitation		\$13,500,860
<b>1997-98</b>		
Per Capita Income Change =	4.67%	
		>1.0597
County of Los Angeles Population Change =	1.24%	
Limitation		\$14,306,861
<b>1998-99</b>		
Per Capita Income Change =	4.15%	
		>1.0604
County of Los Angeles Population Change =	1.81%	
Limitation		\$15,170,995
<b>1999-00</b>		
Per Capita Income Change =	4.53%	
		>1.0639
County of Los Angeles Population Change =	1.78%	
Limitation		\$16,140,422
<b>2000-01</b>		
Per Capita Income Change =	4.91%	
		>1.0675
County of Los Angeles Population Change =	1.75%	
Limitation		\$17,229,900
<b>2001-02</b>		
Per Capita Income Change =	7.82%	
		>1.0961
County of Los Angeles Population Change =	1.66%	
Limitation		\$18,885,693
<b>2002-03</b>		
Increase in non-residential assessed valuation due to new construction =	1.00%	
		>1.0299
City of Hermosa Beach Population Change =	1.97%	
Limitation		\$19,450,375

**CITY OF HERMOSA BEACH  
2007-08 CALCULATION OF APPROPRIATION LIMIT  
HISTORY OF LIMITATION**

<b>2003-04</b>		
Per Capita Income Change =	2.31%	
		>1.0401
County of Los Angeles Population Change =	1.66%	
Limitation		\$20,230,335
<b>2004-05</b>		
Per Capita Income Change =	3.28%	
		>1.0471
County of Los Angeles Population Change =	1.38%	
Limitation		\$21,183,184
<b>2005-06</b>		
Per Capita Income Change =	5.26%	
		>1.0650
County of Los Angeles Population Change =	1.18%	
Limitation		\$22,560,091
<b>2006-07</b>		
Per Capita Income Change =	3.96%	
		>1.0477
County of Los Angeles Population Change =	0.78%	
Limitation		\$23,636,207
<b>2007-08</b>		
Per Capita Income Change =	4.42%	
		>1.0515
County of Los Angeles Population Change =	0.72%	
Limitation		\$24,853,472