



# MEMORANDUM

Agenda Item: 8  
Meeting Date: June 25, 2013

TO: ANTON DAHLERBRUCH, CITY MANAGER *AD*

FROM: JUDY SMITH, FINANCE DIRECTOR *J*

SUBJECT: ADOPTION OF THE FY 2013-2014 BUDGET; RESOLUTION R13-19; ESTABLISHING THE FY 2013-14 APPROPRIATIONS LIMIT, AND R13-20 ADOPTING THE ANNUAL BUDGET AND FIXING THE LIMITATION OF EXPENDITURES

## The Issue

Shall the City Council adopt the required resolutions to approve the City's Fiscal Year 2013-14 budget?

## Appropriations Limit FY 2013-14

Article XIII B of the State Constitution requires the adoption of an annual appropriations limit related to certain tax proceeds. Resolution R13-19 is attached for this purpose.

The City's annual appropriations limit, known as the "Gann" limit, is adjusted by certain factors that the City selects. The factors used to calculate the City's FY 13-14 limit are:

California per capita personal income +5.12% as reported by the State Department of Finance, and

Population increase for Los Angeles County +0.69%, as reported by the State.

The City's FY 12-13 appropriations limit was \$18,109,534. Applying the factors above, the FY 2013-14 appropriations limit is \$19,168,095 of which, the actual appropriations subject to the limitation, expenditures financed by tax proceeds, totals \$12,801,220 or 66.8% of what is allowed per the limit.

## Budget Process

The City Council has held publicly noticed meeting on June 11 and June 13 at which time there was an opportunity for public comment on the proposed budget. Changes have been made to the preliminary budget released May 14<sup>th</sup>, which reflects new information, such as the L.A. County Fire services contract cost received on May 23<sup>rd</sup>, and additional capital items approved by the City Council at the June 13<sup>th</sup> hearing. The City's consolidated budget (operating and capital) for FY 2013-14 is \$21,117,005.

The operating budget totals \$15,632,505 and represents a 6.1% increase compared to the current year budget. The capital budget, sewer and non-sewer projects, totals \$5,484,500 and includes a “placeholder” budget of \$2,000,000 for potential sanitary sewer lining project(s), the scope of which will be further defined during the fiscal year.

#### Alternatives Available to the City Council

1. Approve the resolutions.
2. Approve additional changes to the budget and adopt the resolutions.
3. Defer adopting the budget.

#### Recommendation

It is recommended that the City Council adopt Resolution R13-19 establishing the FY 2013-14 Appropriations Limit and R13-20 adopting the Annual Budget for FY 2013-14.

Attachment A: Resolution R13-19

Attachment B: Resolution R13-20

RESOLUTION R13-19

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA ESTABLISHING THE FISCAL YEAR 2013-2014 APPROPRIATIONS LIMIT FOR THE CITY OF PALOS VERDES ESTATES

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

WHEREAS, Article XIII B, as modified in June 1990, provides that the appropriations limit for fiscal year 2013-14 is hereby amended by properly calculating the adjustment to the base year appropriations of fiscal year 1978-79 for changes in certain permitted factors; and

WHEREAS, to the best of the City's knowledge and belief, the State Department of Finance figures reflect the following statistics relevant to the calculation of the City's 2013-14 Fiscal Year Appropriations Limit:

California per capita income, +5.12% (plus five point one two percent).

Population Adjustment for the County of Los Angeles, +0.69% (plus zero point six nine percent).

NOW THEREFORE, the City Council of the City of Palos Verdes Estates DOES RESOLVE AS FOLLOWS:

Section 1. That the following factors shown above shall be the basis of computing the 2013-14 Fiscal Year Appropriations Limit and based on the foregoing figures and the provisions of Article XIII B of the Constitution of the State of California, that the City of Palos Verdes Estates appropriations subject to limitation for the 2013-14 Fiscal Year shall be \$19,168,095.

Section 2. The City Clerk shall certify to the passage and adoption of Resolution R13-19 and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED on this 25th day of June, 2013.

James F. Goodhart, Mayor

ATTEST:

APPROVED AS TO FORM:

Vickie Kroneberger, Deputy City Clerk

Christi Hogin, City Attorney

GANN LIMIT CALCULATION 2013/14

|                                                   | PROCEEDS<br>OF TAXES | NON-PROCEEDS<br>OF TAXES | TOTAL               |
|---------------------------------------------------|----------------------|--------------------------|---------------------|
| <b>TAXES</b>                                      |                      |                          |                     |
| Property                                          | 6,070,000            |                          | 6,070,000           |
| Sales( Prop A,C,R+Sales)                          | 356,300              |                          | 356,300             |
| Business License                                  | 200,000              |                          | 200,000             |
| Utility Users                                     | 0                    |                          | 0                   |
| Fire Parcel                                       | 4,185,920            |                          | 4,185,920           |
| Other (Transfer Tax)                              | 125,000              |                          | 125,000             |
| <b>FROM STATE</b>                                 |                      |                          |                     |
| Motor Vehicle(35100/35105)                        | 1,130,200            |                          | 1,130,200           |
| Trailer Coach                                     | 0                    |                          | 0                   |
| Off Highway                                       | 0                    |                          | 0                   |
| Gasoline (Fd 02)                                  |                      | 418,600                  | 418,600             |
| Homeowners Relief (35210)                         | 49,000               |                          | 49,000              |
| POST,Strong Motion PSAF                           | 140,000              |                          | 140,000             |
| OTHER GOVERNMENT - COPS                           | 147,000              |                          | 147,000             |
| <b>LOCALLY RAISED</b>                             |                      |                          |                     |
| Sewer User fee (Fund 62)                          |                      | 0                        | 0                   |
| Licenses/Permits/FeesCharges                      |                      | 92,545                   | 92,545              |
| Franchise Fees                                    |                      | 500,000                  | 500,000             |
| Development Fees                                  |                      | 1,040,000                | 1,040,000           |
| Concessions, Rents                                |                      | 1,018,000                | 1,018,000           |
| Fines, Forfeitures                                |                      | 190,000                  | 190,000             |
| OTHER                                             |                      | 354,500                  | 354,500             |
| INTEREST                                          | 397,800              | 64,200                   | 462,000             |
| FUNDS NOT INCLUDED (Enterprise<br>Fd 04,06,07,30) |                      | 29,000                   | 29,000              |
| <b>TOTAL REVENUE</b>                              | <b>\$12,801,220</b>  | <b>\$3,706,845</b>       | <b>\$16,508,065</b> |
| <b>EXCLUDED APPROPRIATIONS</b>                    |                      |                          |                     |
| Federal Mandates, Orders                          |                      |                          |                     |
| Qualified Capital Outlay:                         | 0                    |                          |                     |
| Qualified Debt Service                            |                      |                          |                     |
| <b>NET APPROPRIATIONS</b>                         |                      |                          |                     |
| <b>SUBJECT TO LIMIT</b>                           | <b>\$12,801,220</b>  |                          |                     |

**FY 2013-14 CALCULATION  
OF GANN LIMIT**

|                                      | <b><u>LIMIT</u></b> | <b><u>FACTORS</u></b> |
|--------------------------------------|---------------------|-----------------------|
| 2009-10 Limit                        | \$17,193,280        |                       |
| Per Capita Income                    |                     | 0.62%                 |
| Population Growth - LA County        |                     | 0.90%                 |
| 2010-11 Limit                        | \$16,895,650        |                       |
| Per Capita Income                    |                     | -2.54%                |
| Population Growth - LA County        |                     | 0.83%                 |
| 2011-12 Limit                        | \$17,385,544        |                       |
| Per Capita Income                    |                     | 2.51%                 |
| Population Growth - LA County        |                     | 0.38%                 |
| 2012-13 Limit                        | \$18,109,534        |                       |
| Per Capita Income                    |                     | 3.77%                 |
| Population Growth - LA County        |                     | 0.38%                 |
| Percent to Limit                     | 70.69%              |                       |
| <b>2013-14 Limit</b>                 | <b>\$19,168,095</b> |                       |
| <b>Per Capita Income</b>             |                     | <b>5.12%</b>          |
| <b>Population Growth - LA County</b> |                     | <b>0.69%</b>          |
| <b>Percent to Limit</b>              | <b>66.78%</b>       |                       |

**RESOLUTION R13-20**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES  
ESTATES, CALIFORNIA, ADOPTING THE ANNUAL BUDGET  
FOR FISCAL YEAR 2013-2014 AND FIXING THE LIMITATION OF  
EXPENDITURES FOR THE SEVERAL PURPOSES,  
FUNCTIONS, FUNDS AND ACTIVITIES**

THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA DOES  
RESOLVE AS FOLLOWS:

Section 1. The proposed budget of expenditures duly submitted and considered, is hereby approved, adopted and fixed as the annual budget of the City of Palos Verdes Estates for the fiscal year commencing July 1, 2013 and ending June 30, 2014 and in the amount, and for the purposes, functions, funds and activities set forth in Exhibits A and B, copies of which shall be permanently attached to this resolution.

Section 2. The fund appropriations herein set forth shall constitute the maximum expenditures authorized for those funds. The City Manager is hereby authorized to make budgetary revisions within and between budget categories of each department's appropriations if, in her opinion, such a revision is necessary and proper; and will promptly notify the City Council of such revision.

Section 3. The City Manager may, at his/her discretion, transfer an amount not to exceed \$10,000 per item from the contingency account to any other account or department, and will promptly notify the City Council of such transfer.

Section 4. The City Manager does hereby submit the number and classifications of employees in the respective functions, departments, and/or activities for the fiscal year 2013-2014 budget as set forth in Exhibit C.

Section 5. The City Clerk shall certify to the passage and adoption of Resolution R13-20 and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED on this 25th day of June, 2013.

\_\_\_\_\_  
James F. Goodhart, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Vickie Kroneberger, Deputy City Clerk

\_\_\_\_\_  
Christi Hogin, City Attorney

**EXHIBIT A**

**ESTIMATED FUND BALANCES  
YEAR ENDING JUNE 30, 2014**

| <u>FUND</u>                  | <u>ESTIMATED<br/>BALANCE<br/>7/1/2013</u> | <u>PROJECTED<br/>REVENUES</u> | <u>DESIGNATED<br/>&amp; TRANSFERS</u> | <u>PROJECTED<br/>EXPENDITURES</u> | <u>ESTIMATED<br/>BALANCE<br/>6-30-2014</u> |
|------------------------------|-------------------------------------------|-------------------------------|---------------------------------------|-----------------------------------|--------------------------------------------|
| 1 GENERAL                    | 1,772,252                                 | 10,944,245                    |                                       | 10,379,635                        | 2,336,862                                  |
| 2 GAS TAX                    | 267,980                                   | 418,600                       |                                       | 312,445                           | 374,135                                    |
| 3 DRUG INTERVENTION          | 81,084                                    | 0                             |                                       | 0                                 | 81,084                                     |
| 5 SLESF (COPS)               | 122,496                                   | 100,000                       |                                       | 55,080                            | 167,416                                    |
| 6 SPECIAL PROJECTS           | 656,911                                   | 205,700                       |                                       | 19,620                            | 842,991                                    |
| 7 CORRECTIONS TRAINING       | 6,685                                     | 3,000                         |                                       | 3,000                             | 6,685                                      |
| 22 FIRE/PARAMEDIC PARCEL TAX | 498,907                                   | 4,293,440                     |                                       | 4,275,235                         | 517,112                                    |
| 26 TRANSIT TAX - PROP A      | 517,013                                   | 206,800                       |                                       | 205,310                           | 518,503                                    |
| 27 TRANSIT TAX - MEASURE R   | 161,830                                   | 127,000                       | -200,000                              | 0                                 | 88,830                                     |
| 28 TRANSIT TAX - PROP C      | 161,128                                   | 170,300                       |                                       | 189,580                           | 141,848                                    |
| 30 CAPITAL IMPROVEMENT       | 8,745,587                                 | 50,000                        | 200,000                               | 1,499,500                         | 7,496,087                                  |
| 50 STABLE                    | 151,685                                   | 26,000                        |                                       | 0                                 | 177,685                                    |
| 60 EQUIPMENT REPLACEMENT     | 2,712,838                                 | 10,000                        |                                       | 65,325                            | 2,657,513                                  |
| 62 SEWER FUND                | 5,316,445                                 | 50,000                        |                                       | 3,985,000                         | 1,381,445                                  |
| 65 INSURANCE                 | 758,123                                   | 1,500                         |                                       | 127,275                           | 632,348                                    |
| <b>TOTALS</b>                | <b>\$21,930,964</b>                       | <b>\$16,606,585</b>           | <b>\$0</b>                            | <b>\$21,117,005</b>               | <b>\$17,420,544</b>                        |

**EXHIBIT B**

**EXPENDITURES BY FUND  
YEAR ENDING JUNE 30, 2014**

| DEPARTMENT          | FUND | General           | Gas Tax        | SLESF         | Sp. Proj.     | Correct.     | Fire Dist.       | Prop A         | Prop C         | Cap. Impr.       | Equip.        | Sewers           | Insur.         | TOTAL             |
|---------------------|------|-------------------|----------------|---------------|---------------|--------------|------------------|----------------|----------------|------------------|---------------|------------------|----------------|-------------------|
|                     |      | 1                 | 2              | 5             | 6             | 7            | 22               | 26             | 28             | 30               | 60            | 62               | 65             |                   |
| City Manager        |      | 541,390           |                |               |               |              |                  |                |                |                  |               |                  |                | 541,390           |
| Finance             |      | 476,380           |                |               |               |              |                  |                |                |                  |               |                  |                | 476,380           |
| City Clerk          |      | 180,375           |                |               |               |              |                  |                |                |                  |               |                  |                | 180,375           |
| City Treasurer      |      | 37,385            |                |               |               |              |                  |                |                |                  |               |                  |                | 37,385            |
| City Attorney       |      | 131,300           |                |               |               |              |                  |                |                |                  |               |                  |                | 131,300           |
| City Properties     |      | 211,390           |                |               |               |              |                  |                |                |                  |               |                  |                | 211,390           |
| Non-Department      |      | 179,635           |                |               |               |              |                  | 5,310          |                |                  |               |                  |                | 184,945           |
| Police              |      | 6,072,295         |                | 55,080        |               | 3,000        |                  |                |                |                  |               |                  |                | 6,130,375         |
| Fire Department     |      | 0                 |                |               |               |              | 4,275,235        |                |                |                  |               |                  |                | 4,275,235         |
| Building Inspect.   |      | 571,540           |                |               |               |              |                  |                |                |                  |               |                  |                | 571,540           |
| Planning            |      | 414,970           |                |               |               |              |                  |                |                |                  |               |                  |                | 414,970           |
| Public Works Ad.    |      | 269,330           |                |               | 10,000        |              |                  |                |                |                  |               |                  |                | 279,330           |
| Streets             |      | 175,570           | 312,445        |               |               |              |                  |                |                |                  |               |                  |                | 488,015           |
| Transit             |      | 0                 |                |               |               |              |                  | 200,000        |                |                  |               |                  |                | 389,580           |
| Parklands           |      | 1,118,075         |                |               | 9,620         |              |                  |                |                |                  |               |                  |                | 1,127,695         |
| Insurance           |      | 0                 |                |               |               |              |                  |                |                |                  |               |                  | 127,275        | 127,275           |
| Equipment Replc.    |      | 0                 |                |               |               |              |                  |                |                |                  | 65,325        |                  |                | 65,325            |
| Sewers              |      | 0                 |                |               |               |              |                  |                |                |                  |               | 3,985,000        |                | 3,985,000         |
| Capital Improvement |      | 0                 |                |               |               |              |                  |                |                | 1,499,500        |               |                  |                | 1,499,500         |
| <b>TOTAL</b>        |      | <b>10,379,635</b> | <b>312,445</b> | <b>55,080</b> | <b>19,620</b> | <b>3,000</b> | <b>4,275,235</b> | <b>205,310</b> | <b>189,580</b> | <b>1,499,500</b> | <b>65,325</b> | <b>3,985,000</b> | <b>127,275</b> | <b>21,117,005</b> |



**EXHIBIT C****City of Palos Verdes Estates FY 2013-14  
Proposed Positions/Associated Salary Range**

| <b>Classification</b>                   | <b>No. FTE Authorized</b> | <b><u>Range</u></b> |
|-----------------------------------------|---------------------------|---------------------|
| Administrative Analyst/Code Enforcement | 1                         | 5,430-6,786         |
| Assistant to the City Manager           | 1                         | 6,968-8,895         |
| City Manager                            | 1                         | 16,667              |
| Exec. Assistant/Deputy City Clerk       | 1                         | 5,194-6,963         |
| Exec. Assistant/Custod Recds (PD)       | 1                         | 5,100-6,374         |
| Finance Director                        | 1                         | 8,224-11,021        |
| Financial Services Manager              | 1                         | 6,155-7,701         |
| Police Chief                            | 1                         | 11,883-14,210       |
| Police Captain                          | 2                         | 8,995-11,245        |
| Financial Services Technician           | 2                         | 3,546-4,754         |
| Maintenance Foreman                     | 1                         | 5,026-6,742         |
| Maintenance Worker                      | 4                         | 3,242-4,349         |
| Equipment Mechanic                      | 0.5                       | 4,157-5,057         |
| Permit Technician                       | 1.5                       | 3,546-4,754         |
| Office Specialist                       | 0.5                       | 3,378-4,312         |
| Receptionist                            | 0.56                      | 2,655-3,229         |
| Senior Receptionist                     | 0.56                      | 2,992-3,640         |
| Community Relations Officer             | 1                         | 3,571-4,974         |
| Lead Services Officer                   | 1                         | 3,787-5,278         |
| Police Officer                          | 13                        | 5,027-6,611         |
| Senior Police Officer                   | 3                         | 5,279-6,943         |
| Sergeant                                | 6                         | 5,845-8,061         |
| Service Officer                         | 9                         | 3,441-4,800         |
| Traffic Control Officer                 | 1                         | 2,037-2,477         |
| Police Intern                           | 1                         | \$8.50/hr           |
| Data Entry Clerk                        | 0.5                       | \$10.00/hr          |
| PVE Cares Coordinator                   | 0.3                       | \$15.00/hr          |
| City Treasurer                          | 0.12                      | \$300/month         |
| Total Authorized Positions              | 56.54                     |                     |