



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: Mayor and Members of the Town Council

FROM: Stacie Nerdahl, Administrative Services Manager

DATE: June 26, 2013

RE: **2013-2014 Appropriations Limit**

RECOMMENDATION

It is recommended that the Town Council adopt the attached resolution determining and establishing the Town's 2013-2014 Appropriations Limit.

BACKGROUND

California Law requires each public agency to calculate and adopt its Appropriations Limit for each fiscal year. This requirement stems from the 1978 passage by the voters of Proposition 4, with subsequent modification in 1990 by the passage of Proposition 111. The Appropriation Limit creates a restriction on the amount of revenue that can be appropriated in any fiscal year. The Limit is based upon actual appropriations during 1977-1978, adjusted each year for inflation and population growth. Not all revenues are restricted by the Limit, only those that are referred to as "proceeds of taxes." Additionally, certain types of appropriations do not count against the Limit, including the costs of voter-approved debt, court and Federal mandates, and qualified capital outlay.

In order to determine whether an agency is within its Limit for any given fiscal year, the agency must determine its anticipated revenues that qualify as proceeds of taxes. The allowed cost exclusions are then deducted from the total proceeds of taxes. The resulting number is the appropriations subject to the Limit for the fiscal year. This is compared with the actual adopted Limit in order to determine an agency's position over or under the Limit.

An agency may not appropriate any proceeds of taxes received in excess of its Limit. An excess may be carried forward for one year. If an excess still exists at the end of two years, it must be returned to the taxpayers through tax reductions or rebates. Alternatively, a majority of the local voters may approve an "override" to increase the Limit for a four-year period. Very few agencies have reached or exceeded their Appropriations Limit. Those agencies that do have usually experienced a significant increase in tax base through new and extensive development, which would outstrip increases in inflation or population.

After applying the corrections to the calculation of the Appropriations Limit and the Town's revenues subject to the limit (outlined in the Town Manager's staff report dated June 12, 2013), it was determined that the 2013-14 Appropriations Limit does not require the voter-approved overriding adjustment of the Utility Users Tax as in prior years.

The Town's Appropriations Limit for 2013-2014 is \$2,862,303. This is \$115,447 greater than the Town's appropriations of \$2,746,856 that are subject to limitation (please see worksheets #4 and #6 of Exhibit A).

ATTACHMENTS

1. Resolution Determining and Establishing the Appropriations Limit for 2013-14 with Exhibit A of Worksheets Calculating Limit

APPROVED – Nick Pegueros, Town Manager *N.P.*

RESOLUTION No. _____-2013

**A RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF PORTOLA VALLEY
DETERMINING AND ESTABLISHING THE
APPROPRIATIONS LIMIT FOR 2013-2014**

WHEREAS, the calculation of the Appropriations Limit for the Fiscal Year 2013-2014 has been completed by the Administrative Services Manager; and

WHEREAS, the manner of calculating said Limit is set forth in Exhibit A attached hereto.

NOW, THEREFORE, be it resolved that the Town Council of the Town of Portola Valley Appropriations Limit for Fiscal Year 2013-2014 is determined to be \$2,862,303.

REGULARLY PASSED AND ADOPTED this 26th day of June 2013.

Mayor

ATTEST:

Town Clerk

EXHIBIT "A"

**USER FEES VERSUS COSTS
(Worksheet #1)**

**Town of Portola Valley
Fiscal Year 2013-14
Town Council Adopted Budget**

	Costs	Fees
<u>Planning and Building</u>		
Building Permits		\$ 454,075
Zoning and Planning Permits		1,000
Construction & Demolition Fees		10,200
Consulting Fees – charges to applicants	320,000	320,000
Deputy Town Planner	149,010	
Assistant Planner	95,218	
Planning Tech I	79,883	
Deputy Building Official	160,352	
SuRE Manager	117,559	
Engineer/Planning Consultants	165,000	
Plan Checks and Inspections	60,000	
ASCC	29,692	
Planning Commission	<u>59,360</u>	_____
	\$1,236,074	\$785,275
<u>Park & Recreation – Town Center</u>		
Park & Recreation Revenue		85,338
Town Center Revenue		221,960
Recreation Coordinator	95,786	
Sr Maintenance Worker	75,849	
Maintenance Worker II	77,720	
Park & Town Center Utilities	79,800	
Vehicle Maintenance	12,500	
Town Center Facilities Costs	135,800	
Parks Operations	<u>167,900</u>	_____
	\$645,355	\$307,298
<u>Public Works</u>		
SDP/EP/CUP/Building Review		55,400
Franchise Fees		254,636
Public Works Director	202,120	
Public Works Operations	<u>23,000</u>	_____
	\$225,120	\$310,036
<u>Public Safety</u>		
Horsekeeping Permits		2,775
Horsekeeping	<u>538</u>	_____
	\$538	\$2,775

**CALCULATION OF PROCEEDS OF TAXES
(Worksheet #2)**

**Town of Portola Valley
Fiscal Year 2013-2014
Town Council Adopted Budget**

	<u>Subject to Limit</u>	<u>Not Subject to Limit</u>
<u>Proceeds of Taxes</u>		
Property Taxes	\$2,022,158	
Sales & Use Tax	172,000	
Business License Tax	85,000	
Real Property Transfer Tax	100,000	
Utility Users' Tax - General	553,554	
HOPTR	5,400	
<u>Proceeds of Taxes for Capital Outlay</u>		
Utility Users' Tax – Open Space		\$245,934
Measure A Sales Tax		230,000
Public Safety COPS Grant		100,000
Public Safety Sales Tax 172		11,780
<u>User Fees</u>		
Building Permits		\$454,075
Construction & Demolition Fees		10,200
Zoning & Planning Permits		1,000
Planning Fees for Staff Review		40,000
Consulting Fees – charges to applicant		320,000
Park & Recreation Revenue		85,338
Town Center Revenue		212,000
SDP/EP/CUP/Building Review		55,400
Franchise Fees		254,636
Horsekeeping Permits		2,775
<u>Other Revenues</u>		
Measure M		\$75,000
State Gas Tax		75,369
Prop 42		66,878
Various Filing Fees		57,200
Miscellaneous		20,000
Fines & Forfeitures		12,000
Open Space/Schoolhouse Contributions		5,000
Miscellaneous Contributions		500
C-1 Trail Maint Contribution		120,000
Misc Taxes		10,000
C/CAG Grant for Trash Reduction		30,655
CalTrans Storm Repair		300,000
PG&E Solar Rebate		15,000
Misc Grants		462,600
Subtotal (for Worksheet #3)	2,938,112	3,273,340
Interest Earning (from Worksheet #3)	<u>11,000</u>	<u>14,000</u>
Total Revenue (for Worksheet #4)	2,949,112	3,287,340

**INTEREST EARNINGS PRODUCED BY TAXES
(Worksheet #3)**

**Town of Portola Valley
Fiscal Year 2013-2014
Town Council Adopted Budget**

	<u>Amount</u>	<u>Source</u>
A. Non-interest subject tax proceeds :	\$ 2,938,112	Worksheet #2
B. Minus exclusions:	202,256	Worksheet #7
C. Net invested taxes:	2,735,856	(A – B)
D. Total non-interest revenue:	6,211,452	Worksheet #2
E. Tax proceeds as percent of budget:	0.44	(C / D)
F. Interest earnings:	25,000	Budget
G. Amount of interest earned from taxes:	11,000	(E * F)
H. Amount of interest earned from non-taxes:	14,000	(F – G)

I. Take the result of steps G and H; copy to Worksheet #2.

**APPROPRIATIONS SUBJECT TO LIMITATION
(Worksheet #4)**

**Town of Portola Valley
Fiscal Year 2013-2014
Town Council Adopted Budget**

	Amount	Source
A. Subject proceeds of taxes	\$2,949,112	Worksheet #2
B. Exclusions	202,256	Worksheet #7
C. Appropriations subject to limitation	2,746,856	(A – B)
D. Current year limit (2013-2014)	2,862,303	Worksheet #6
E. Over/(under) limit	(115,447)	(C – D)

**APPROPRIATIONS LIMIT THROUGH 2010-2011
(Worksheet #5)**

**Town of Portola Valley
Fiscal Year 2013-2014
Town Council Adopted Budget**

Appropriation Limit Base Year (AS AMENDED) 441,943.00

Year	Previous Year Limit	Adjustment Factor	Current Year Limit
1979-80	441,943.00	1.1199	494,931.97
1980-81	494,931.97	1.1053	547,048.30
1981-82	547,048.30	1.0567	578,065.94
1982-83	578,065.94	1.0736	620,611.59
1983-84	620,611.59	1.0261	636,809.56
1984-85	636,809.56	1.0670	679,475.80
1985-86	679,475.80	1.0445	709,712.47
1986-87	709,712.47	1.0504	745,481.98
1987-88	745,481.98	1.0557	787,005.32
1988-89	787,005.32	1.0542	829,661.01
1989-90	829,661.01	1.0704	888,069.15
1990-91	888,069.15	1.0552	937,090.56
1991-92	937,090.56	1.0571	990,598.44
1992-93	990,598.44	1.0183	1,008,726.39
1993-94	1,008,726.39	1.0448	1,053,917.33
1994-95	1,053,917.33	1.0259	1,081,213.79
1995-96	1,081,213.79	1.0672	1,153,871.36
1996-97	1,153,871.36	1.0561	1,218,603.54
1997-98 ¹	1,218,603.54	1.0580	1,641,871.54
1998-99	1,641,871.54	1.0565	1,734,637.29
1999-00	1,734,637.29	1.0544	1,829,001.56
2000-01	1,829,001.56	1.0573	1,933,803.35
2001-02	1,933,803.35	1.0977	2,122,735.94
2002-03	2,122,735.94	1.0164	2,157,548.87
2003-04	2,157,548.87	1.0139	2,187,538.79
2004-05	2,187,538.79	1.0423	2,280,073.87
2005-06	2,280,073.87	1.0591	2,414,885.52
2006-07	2,414,885.52	1.0472	2,528,841.75
2007-08	2,528,841.75	1.0561	2,670,719.58
2008-09	2,670,719.58	1.0560	2,820,666.68
2009-10	2,820,666.68	1.0183	2,872,496.82
2010-11 ²	2,872,496.81	0.9861	3,287,799.44
2011-12	3,287,799.44	1.0343	3,499,954.04
2012-13 ³	2,693,425.04	1.0627	2,862,302.79

¹ Appropriation limit for 1997-98 includes an added on Utility Users' Tax of \$352,398 to temporarily increase the Appropriation Limit with voter approval.

² Appropriation limit for 2010-11 includes impact of deducting 1997-98 Utility Users' Tax budgeted revenues and adding the 2010-11 Utility Users' Taxes budgeted revenues. Subsequent years will deduct prior year and add current year budgeted utility users tax revenues.

³ Corrections to proceeds of taxes that are subject to limit disallowed need for UUT adjustment in the 2013-14 calculation of appropriations limit. See Worksheet #6.

**APPROPRIATIONS LIMIT
(Worksheet #6)**

**Town of Portola Valley
Fiscal Year 2013-2014
Town Council Adopted Budget**

A.	FISCAL YEAR 2012-2013 LIMIT	\$ 3,499,954.04	
1.	Less UUT Adjustment for PY 2012-13	<u>(806,529)</u>	
	Fiscal Year 2012-13 Adjusted Limit.....	2,693,425.04	(A)
B.	ADJUSTMENT FACTORS		
1.	Population	101.09%	
2.	Per Capita Income	<u>105.12%</u>	
	Total Adjustment Factor	106.27%	
C.	ANNUAL ADJUSTMENT	168,877.75	
D.	OTHER ADJUSTMENTS		
1.	Lost Responsibility	-	
2.	Transfer to Private	-	
3.	Transfer to Fees	-	
4.	Assumed Responsibility	-	
5.	CY Utility Users' Tax *	-	
E.	TOTAL ADJUSTMENTS	<u>168,877.75</u>	(E)
F.	FISCAL YEAR 2013-2014 LIMIT.....	<u>2,862,302.79</u>	(A + E)

* Corrections to proceeds of taxes that are subject to limit disallow need for UUT adjustment in the 2013-14 and future years' calculations of appropriations limit.

**EXCLUDED APPROPRIATIONS
(Worksheet #7)**

**Town of Portola Valley
Fiscal Year 2013-2014
Town Council Adopted Budget**

	<u>Amount</u>
Qualified Capital: 2013-14 Street Resurfacing– Design/Inspection	\$75,000
Qualified Capital: Equipment	35,000
Federally Mandated Appropriations	92,256
	<u>\$202,256</u>