

## Appropriations Limit

Article XIII B of the California State Constitution, more commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by the California voters in November 1979. This measure placed limits on the amount of tax proceeds that State and local governmental agencies can appropriate and spend each year.

This limit is different for each agency and changes annually. It is calculated by taking the amount of tax proceeds that were authorized to be spent in fiscal year 1978–79 and modified for changes in inflation and population for each subsequent year. Inflationary adjustments are, by law, based on increases in the California per capita income or the increase in non-residential assessed valuation due to new construction. Population adjustments are based on City or County population growth, whichever is greater.

For fiscal year 2019–20, the City of Hawthorne’s estimated tax proceeds, as well as tax proceeds appropriated by the City Council will, as in prior years, continue to fall under the limit. The appropriations limit for fiscal year 2019–20 is \$78,250,602. This limit is the maximum amount of tax proceeds the City will be able to appropriate and spend in the coming fiscal year.

The State Legislature requires a governing body to annually adopt, by resolution, an appropriations limit for the coming fiscal year. The City’s fiscal year 2019–2020 appropriation limit was adopted as required by the Legislature.

## DEFINITION OF FUNDS AND MAJOR REVENUE SOURCES

### GENERAL FUND

The General Fund is used to account for financial resources traditionally associated with general government operations, which are not required legally or by financial management to be accounted for in another fund.

**Property Tax:** The valuation of property in the City is determined by the Los Angeles County Tax Assessor, except for Public Utility property, which is assessed by the State Board of Equalization. As defined by Article XIII A of the California Constitution (commonly known as "Proposition 13"), assessed values are stated at 100% of full cash value. The County levies a base tax of \$1 per \$100 of assessed valuation (subject to annual growth limitations of 3%). Hawthorne's share of the \$1 has been approximately 10%.

**Sales & Use Tax:** In accordance with the California Revenue & Taxation Code and the Bradley-Burns Uniform Local Sales Use Tax Law of 1955, the State of California imposes a 9.50% Sale & Use Tax on taxable sales in the City. The City receives 1% of the levy with the remaining funds being shared by the State, County and Transportation District. In addition, the City receives .75% for local Measure HH.

**Hotel & Motel Bed Tax (Transient Occupancy Tax):** The Hawthorne Municipal Code authorizes the City to levy a tax for the privilege of occupying lodgings on a transient basis. The current rate is 12%.

**Franchise Fees:** The City imposes fees on gas, electric, refuse, water, oil, towing and cable television companies for the privilege of using City infrastructure.

**Business License Tax:** The Hawthorne Municipal Code requires a license as a prerequisite for conducting business, trade or profession in the City. The Code further imposes an annual tax for the privilege of conducting such businesses based on generated revenues.

**Real Property Transfer Tax:** The Hawthorne Municipal Code authorizes the imposition of a transfer tax on real property sold in the City, at a rate of \$0.27 per \$500 of purchase price in excess of \$100.

**Utility Users Tax:** As authorized by the Hawthorne Municipal Code, Utility User Taxes are levied on electricity, water, gas, telephone and cable TV services. The current rate is 5%.

**Motor Vehicle In-lieu Tax:** Section 11005 of the State Revenue and Taxation Code imposes an annual State license fee equivalent to 2% of the market value of a motor vehicle in lieu of local property taxes. The Code also specifies that 81.25% of the revenue is to be divided equally between the cities and counties and apportioned on the basis of population.

**Licenses and Permits:** The California Government Code and State Constitution give cities the authority to assess certain license and permit fees as a means of recovering the cost regulating various activities. Examples include building, electrical and plumbing permits and police alarm permits.

**Fines & Forfeitures:** The California Vehicle Code and the Hawthorne Municipal Code mandate and/or allow for the imposition of civil penalties for parking violations. These penalties are collected by the City. Fines assessed for moving violations of the California Vehicle Code and non-parking violations of the Hawthorne Municipal Code are collected by the County of Los Angeles by the Inglewood Municipal Court and partially remitted to the City.

**Charges for Services:** Service charges or fees are imposed on the user for a service provided by the City under the rationale that benefiting parties should pay for the cost of that service rather than the general public. Examples of such services include various recreation, planning & building, and public safety fees.

**STREET LIGHTING ASSESSMENT FUND**

Property owners in the assessment district are assessed an amount each year for the costs of establishing, improving and maintaining street lighting for the City. The assessments are billed by the County of Los Angeles as part of the annual property tax bill.

**GAS TAX FUND**

The City is allocated a share of revenues derived from the State Highway Users Tax Account Sections 2105, 2106, 2107 and 2107.5. Gasoline taxes must be used for maintenance and improvement of City streets, which serve as State and County thoroughfares.

**STREET FUND**

This fund is to account for all related revenues and expenditures, including street repair, reconstruction and maintenance, which are not required to be accounted for in the City's State Gas Tax Fund.

**ASSET FORFEITURE FUND**

This fund is to account for all revenues and expenditures related to monies and property seized by the Police Department in drug related incidents. These funds may only be expended on activities used to enhance law enforcement activities.

**POLICE GRANT FUNDS**

The Hawthorne Police Department receives grant funds from several Federal and State agencies for the purpose of establishing, monitoring and administering local drug enforcement activities in coordination with other law enforcement agencies. Specific grants include the COPS Grant, and Urban Security Initiative Grant.

**OFFICE OF TRAFFIC & SAFETY GRANT FUNDS**

The Hawthorne Police Department receives grant funds to offset the personnel costs for the Sobriety Checkpoint and Seat Belt Compliance Programs.

**INSURANCE RESERVE FUND**

This fund is to account for the City's self-insurance activities. The expenditures for liability and workers' compensation are funded by charges to City departments based on claims history and a percentage of personnel costs.

**LOCAL TRANSIT ASSISTANCE - PROP A**

A one-half cent sales tax was approved by the voters of Los Angeles County to be utilized for local transit purposes. These revenues are received by the State and a portion is funneled to the City through the Los Angeles County Metropolitan Transit Authority. The City of Hawthorne uses these funds for Dial-A-Ride, Recreational Transit and Bus Stop Maintenance. Excess of these funds are traded with other Los Angeles County municipalities for General Funds.

**PROPOSITION C COUNTY SALES TAX**

A second half-cent sales tax was approved by the voters, the proceeds of which are used to improve transit service and operations, reduce traffic congestion, improve air quality and efficiently operate and improve the condition of streets and highways utilized by public transit.

**MEASURE R FUND**

This is an ongoing maintenance and capital improvement transportation fund.

**MEASURE M FUND**

This is an ongoing maintenance and capital improvement transportation fund.

**AB2766 AIR QUALITY FUND**

This fund is used to support the South Coast Air Quality Management District's (SCAQMD) imposition of an additional vehicle registration fee and to receive fee revenues for implementing programs to reduce air pollution from motor vehicles.

**DEVELOPMENT IMPACT FEES FUND**

Under the authority of Assembly Bill 1600 (AB 1600), the City imposes an impact fee on all developments within the City boundaries. These Development Impact Fees are used to defray the costs associated with infrastructure improvements due to new developments. This fund accounts for both the collection and expenditures of the Development Impact Fees.

**REDEVELOPMENT AGENCY PROJECT AREA #1 FUND**

Project Area #1 of the Community Redevelopment Agency of the City of Hawthorne consists of the Hawthorne Plaza Mall, which was constructed in 1974 with proceeds of Tax Allocation Bonds. The debt service on these bonds is supported by property tax increment and SB55 assessments which are collected by the County of Los Angeles and remitted to the Redevelopment Agency.

**REDEVELOPMENT AGENCY PROTECT AREA #2 FUND**

Project Area #2 of the Community Redevelopment Agency of the City of Hawthorne consists of approximately 960 acres in the southwest section of the City, including the Gateway and Oceangate development projects. Development of this area was assisted by a Tax Allocation Bond originally issued in 1994 and also includes Mello-Roos Bond issues for both of the development projects.

**LOW & MOD INCOME 20% SET ASIDE FUND**

The Redevelopment Agency is required by state law to set aside 20% of the revenues generated by property tax increment for low- and moderate-income housing needs.

**DEBT SERVICE -1997 COP**

In 1997, the Hawthorne Public Financing Authority refinanced the Certificates of Participation for the purpose of financing various public improvements in the City. This fund is used to account for the debt service associated with these bonds.

**DEBT SERVICE - 2016 COP**

This fund accounts for principal and interest payments made on the 2004 City of Hawthorne Police Facility and 2005 Pension Obligation Bond issued for CalPers unfunded Liability. These Bonds were refunded by the 2016 Certificates of Participation series A & B. Funding for the debt service payments are via General Fund operating transfers and via charges to other departments and funds based on payroll costs.

**DEBT SERVICE - PROJECT AREA I - 2001 TAB**

This fund accounts for the debt service associated with Hawthorne Plaza's 2001 Tax Allocation Bonds.

**DEBT SERVICE - PROJECT AREA II -2016 TAB**

This fund accounts for the debt service associated with Project Area II 2006, 2004 & 1998 Tax Allocation Bonds.

**AIRPORT FUND**

This fund is to account for the operation and maintenance of the Hawthorne Municipal Airport.

**SEWER & STORM DRAIN FUND**

Property owners pay an annual assessment for the operation, maintenance and capital improvements of sewer and storm drains in the City.

**EQUIPMENT MAINTENANCE FUND**

This fund is used to account for the purchase and maintenance of vehicular equipments on behalf of all City departments. City departments are charged a rental rate based on use and maintenance costs of vehicles.

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

This fund is to account for Federal grants received from the Department of Housing and Urban Development (HUD). Grant activity is administered by the Community Development Department and is predominantly restricted to activities in 'target areas'.

**HOME FUNDS**

This fund is used to account for HOME Fund grants received from the U.S. Department of Housing & Urban Development. These funds are to be used predominantly to aid low & moderate income residents with their housing needs.

**CALIFORNIA USED OIL RECYCLING GRANT FUND**

The City of Hawthorne receives grant funds from the State Integrated Waste Management Board to promote the recycling of used motor oil. This fund accounts for all the revenues and expenditures associated with this activity.

**SECTION 8 HOUSING FUNDS**

These funds account for the Federal grant revenues and program expenditures related to the housing assistance programs. These programs are administered by the City's Housing Authority under the regulations established by the Department of Housing and Urban Development (HUD).

**DEBT SERVICE - CFD 1999-1**

This fund accounts for the debt service associated with the Gateway Center development project's Mello-Roos bonds.

**DEBT SERVICE - PARKING AUTHORITY CFD 1**

This fund accounts for the debt service associated with the Mello-Roos bonds issued to refund the Parking Authority bonds in Project Area No. 1.

**DEBT SERVICE -1998 REFUNDING CFD 1990-1**

This fund accounts for the debt service associated with the Oceangate development project's Mello-Roos bonds.

**DEBT SERVICE -2004 CFD (Fusion)**

This fund accounts for the debt service associated with the Fusion at South Bay development project's Mello-Roos bonds.

**DEBT SERVICE - 2006-1 (360 Degrees)**

This fund accounts for the debt service associated with the 360 degrees development projects Mello-Roos bonds.

**GREVILLEA AVE PROPERTY FUND**

This fund accounts for the operations of eight residential rental units on Grevillea Avenue, which are rented to low- and moderate-income households.

**GALE AVE PROPERTY FUND**

This fund accounts for the operations of eight residential rental units on Gale Avenue, which are rented to low- and moderate-income households.

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2019-20
---------------------	--------	--------------------	---------------------	-----------------------

**General Government**

*City Council*

Mayor	1.00	9,785	15,819	25,604
Councilmember	4.00	39,138	56,933	96,071
<b>Total</b>	<b>5.00</b>	<b>48,923</b>	<b>72,752</b>	<b>121,675</b>

*City Clerk*

City Clerk	1.00	10,192	7,476	17,668
Deputy City Clerk	1.00	88,007	76,061	164,067
Administrative Aide I	1.00	64,020	56,693	120,712
<b>Total</b>	<b>3.00</b>	<b>162,218</b>	<b>140,229</b>	<b>302,448</b>

*City Manager*

City Manager	1.00	218,931	192,513	411,444
Executive Assistant	1.00	68,685	46,542	115,227
Administrative Clerk	1.00	40,898	35,950	76,848
<b>Total</b>	<b>3.00</b>	<b>328,514</b>	<b>275,005</b>	<b>603,519</b>

*Cable*

Cable TV Supervisor	1.00	88,902	70,172	159,074
Cable TV Prod. Coordinator	1.00	83,771	63,825	147,596
Senior Video Specialist	1.00	56,175	47,143	103,317
<b>Total</b>	<b>3.00</b>	<b>228,848</b>	<b>181,139</b>	<b>409,987</b>

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2019-20
---------------------	--------	--------------------	---------------------	-----------------------

*City Treasurer*

City Treasurer	1.00	10,192	29,743	39,935
Total	1.00	10,192	29,743	39,935

*City Attorney*

City Attorney	1.00	189,173	161,858	351,031
Assistant City Attorney	2.00	298,477	244,364	542,841
Deputy City Prosecutor	1.00	98,369	77,853	176,221
Administrative Aide II	1.00	70,209	58,215	128,424
Clerk Typist	1.00	37,059	32,277	69,336
Total	6.00	693,287	574,566	1,267,853

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2019-20
<i>Administrative Services</i>				
Director of Finance	1.00	139,863	113,604	253,467
Finance/Licensing Director	1.00	104,936	71,639	176,576
Finance Analyst	1.00	87,328	57,534	144,862
Accountant II	1.00	93,699	76,638	170,338
Internal Auditor	1.00	73,260	60,218	133,478
Payroll Technician	1.00	93,699	80,679	174,378
Payroll Assistant	1.00	72,290	57,473	129,763
Accounting Technician	2.00	156,491	126,755	283,246
Warehouse Assistant	1.00	58,280	52,776	111,055
Business License Code Technician	1.00	55,616	38,694	94,310
License Permit Technician	4.00	301,242	229,101	530,343
Director of Human Resources	1.00	135,737	103,021	238,758
Human Resources Analyst	2.00	177,228	110,921	288,148
Total	18.00	1,549,669	1,179,053	2,728,722

*Planning & Community Development*

Director of Planning	1.00	175,201	114,568	289,769
Sr. Planner	1.00	106,519	86,453	192,973
Planning Associate	1.00	99,576	77,142	176,718
Planning Clerk	1.00	63,930	50,542	114,471
Code Enforcement Officer II	3.00	304,491	238,719	543,210
Code Enforcement Officer I	1.00	59,991	46,385	106,376
Total	8.00	809,708	613,808	1,423,517

*Building & Safety*

Director of Building & Safety	1.00	148,325	114,052	262,378
Building Permit Technician	1.00	61,880	49,294	111,173
Plan Check Specialist	1.00	82,279	74,220	156,499
Senior Building Inspector	2.00	194,284	147,341	341,625
Building Inspector	1.00	82,666	59,076	141,742
Total	6.00	569,434	443,983	1,013,417



Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2019-20
---------------------	--------	--------------------	---------------------	-----------------------

**Public Safety**

*Police*

Chief of Police	1.00	229,199	294,871	524,071
Police Captain	2.00	471,734	575,236	1,046,969
Police Lieutenant	9.00	1,532,925	1,976,317	3,509,242
Police Sergeant	14.00	1,751,971	2,380,307	4,132,278
Police Officer	69.00	6,736,944	8,358,663	15,095,607
Exec Asst to Chief of Police	1.00	100,969	82,212	183,180
Payroll Assistant	1.00	74,579	66,020	140,600
Comm. Affairs K9 Specialist	1.00	82,300	66,968	149,268
Police Service Officer	7.00	532,374	456,725	989,099
Community Service Officer	3.00	141,204	96,284	237,488
Jailer I	6.00	317,690	254,762	572,452
Jailer II	1.00	79,109	68,598	147,707
Info Systems Manager	1.00	123,575	99,731	223,306
Information Systems Analyst	2.00	176,965	148,258	325,224
Information Systems Specialist	1.00	88,972	71,036	160,007
Info Systems Support Tech	2.00	152,455	124,683	277,138
Sr. Forensics Specialist	1.00	98,249	72,970	171,219
Forensics Specialist	2.00	139,083	104,521	243,604
Traffic Specialist	1.00	77,506	70,465	147,971
Traffic Clerk	1.00	60,194	46,088	106,282
Administrative Assistant	1.00	76,185	63,248	139,433
Police Admin. Technician	2.00	126,404	101,467	227,871
Police Records Manager	1.00	99,644	76,514	176,157
Police Records Supervisor	2.00	154,673	130,536	285,209
Police Records Technician	9.00	558,488	440,991	999,478
Parking Enf. Officer II	6.00	304,901	235,782	540,683
Animal Control Officer	2.00	153,686	126,312	279,998
Custodian	1.00	41,793	33,798	75,590
<b>Total</b>	<b>150.00</b>	<b>14,483,769</b>	<b>16,623,363</b>	<b>31,107,132</b>

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2019-20
---------------------	--------	--------------------	---------------------	-----------------------

**Public Works**

*Public Works*

Director of Public Works	1.00	141,012	113,646	254,657
Public Works Manager	1.00	128,500	107,303	235,803
Senior Engineer	1.00	114,545	93,136	207,682
Sr. Public Works Inspector	1.00	101,200	84,274	185,475
Associate Engineer	1.00	94,855	78,906	173,761
Assistant Engineer	1.00	73,340	62,860	136,200
Senior Admin. Analyst	1.00	99,849	77,129	176,978
Administrative Aide II	1.00	69,071	56,616	125,687
Administrative Aide I	1.00	53,017	43,983	97,000
Bldg Maint. Crew Leader	1.00	84,123	81,051	165,174
City Maintenance Worker	1.00	64,094	58,459	122,553
NPDES Maintenance Worker	3.00	128,488	98,110	226,599
Custodian	2.00	107,729	105,383	213,112
Graffiti Worker	4.00	231,652	213,878	445,530
<b>Total</b>	<b>20.00</b>	<b>1,491,475</b>	<b>1,274,735</b>	<b>2,766,210</b>

*GasTax*

NPDES Maintenance Worker	1.00	43,346	36,406	79,752
City Maintenance Worker	2.00	137,913	125,361	263,274
<b>Total</b>	<b>3.00</b>	<b>181,258</b>	<b>161,767</b>	<b>343,025</b>

*Street*

Street Maintenance Supervisor	1.00	97,208	92,668	189,877
City Maintenance Worker	3.00	159,506	128,416	287,922
Skilled City Maintenance Worker	1.00	63,658	60,323	123,981
Administrative Aide I	1.00	47,068	34,002	81,070
<b>Total</b>	<b>6.00</b>	<b>367,440</b>	<b>315,409</b>	<b>682,849</b>

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2019-20
---------------------	--------	--------------------	---------------------	-----------------------

### Recreation & Community Services

#### *Recreation & Community Services*

Director of Rec & Comm Srvc	1.00	135,740	109,525	245,266
Rec. Supervisor	1.00	95,303	80,076	175,379
Asst. Rec. Supervisor	1.00	82,273	64,324	146,597
Administrative Clerk	1.00	43,118	33,962	77,080
Recreation Specialist	1.00	51,410	40,471	91,881
Supervisor - Park Maintenance	1.00	102,691	97,434	200,125
Crew Leader	1.00	84,653	75,946	160,599
Skilled City Maint. Worker	3.00	228,732	209,501	438,232
City Maintenance Worker	3.00	211,791	197,623	409,414
<b>Total</b>	<b>13.00</b>	<b>1,035,710</b>	<b>908,862</b>	<b>1,944,573</b>

### Community Development

#### *Housing*

Housing/CDBG & Home Manager	1.00	148,323	110,590	258,913
Housing Inspector	1.00	88,972	80,887	169,858
Housing Assistant	2.00	125,125	98,149	223,274
Housing Administrative Clerk	1.00	41,793	27,740	69,533
Housing Clerk Typist	1.00	42,353	31,525	73,878
Clerk Typist	1.00	45,314	37,748	83,062
Maintenance Worker I	1.00	48,226	45,080	93,306
<b>Total</b>	<b>8.00</b>	<b>540,105</b>	<b>431,719</b>	<b>971,824</b>

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2019-20
---------------------	--------	--------------------	---------------------	-----------------------

**Enterprise Operations**

*Airport*

Airport Office Supervisor	1.00	104,978	83,089	188,067
Crew Leader	1.00	83,503	82,418	165,921
Maintenance Worker I	1.00	58,052	55,573	113,626
<b>Total</b>	<b>3.00</b>	<b>246,533</b>	<b>221,081</b>	<b>467,613</b>

*Sewer*

Sewer Service Technician	2.00	158,708	138,489	297,198
Crew Leader Pavement Repair	1.00	88,449	77,946	166,396
Skilled City Maint. Worker	1.00	53,294	49,398	102,691
<b>Total</b>	<b>4.00</b>	<b>300,452</b>	<b>265,833</b>	<b>566,285</b>

**Internal Service Operations**

*Insurance Reserve*

Assistant City Attorney	1.00	149,597	124,023	273,620
Legal /Risk Specialist	1.00	72,276	48,513	120,788
<b>Total</b>	<b>2.00</b>	<b>221,872</b>	<b>172,536</b>	<b>394,408</b>

*Equipment Maintenance*

Master Mechanic	1.00	105,221	88,707	193,928
Equipment Mechanic III	1.00	78,650	72,452	151,101
Equipment Mechanic I	1.00	58,830	44,743	103,573
Equipment Mechanic	1.00	62,591	52,710	115,300
<b>Total</b>	<b>4.00</b>	<b>305,291</b>	<b>258,611</b>	<b>563,902</b>

<b>GRAND TOTAL</b>	<b>266</b>	<b>23,574,698</b>	<b>24,144,195</b>	<b>47,718,893</b>
--------------------	------------	-------------------	-------------------	-------------------