

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 2018–19, 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 2018–19 is \$74,997,154. 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 2018–2019 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 8.25% 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.

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.

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
---------------------	--------	--------------------	---------------------	-----------------------

General Government

City Council

Mayor	1.00	7,338	12,890	20,228
Councilmember	4.00	29,354	77,368	106,721
Total	5.00	36,692	90,257	126,949

City Clerk

City Clerk	1.00	10,192	27,572	37,764
Deputy City Clerk	1.00	86,018	67,570	153,588
Administrative Aide I	1.00	67,159	53,432	120,591
Total	3.00	163,369	148,574	311,943

City Manager

City Manager	1.00	183,462	122,906	306,367
Executive Assistant	1.00	61,878	37,912	99,790
Total	2.00	245,339	160,818	406,157

Cable

Cable TV Supervisor	1.00	87,280	62,536	149,817
Cable TV Prod. Coordinat	1.00	82,219	57,348	139,568
Graphic Artist/Editor	1.00	66,723	49,949	116,672
Total	3.00	236,223	169,833	406,056

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
<i>City Treasurer</i>				
City Treasurer	1.00	10,192	23,889	34,082
Total	1.00	10,192	23,889	34,082
<i>City Attorney</i>				
City Attorney	1.00	189,173	145,918	335,092
Assistant City Attorney	2.00	294,319	219,254	513,573
Deputy City Prosecutor	1.00	49,011	38,554	87,565
Administrative Aide II	1.00	67,526	51,276	118,802
Total	5.00	600,030	455,002	1,055,032

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
<i>Administrative Services</i>				
Finance Director	1.00	157,222	117,888	275,110
Accounting Supervisor	1.00	110,405	78,906	189,311
Finance Analyst	1.00	87,328	46,881	134,208
Accountant I	1.00	91,581	68,384	159,965
Internal Auditor	1.00	69,713	51,939	121,651
Payroll Technician	1.00	88,191	67,661	155,852
Payroll Assistant	1.00	66,518	49,038	115,556
Accounting Technician	2.00	148,788	110,154	258,942
Buyer	1.00	56,090	47,357	103,448
Confidential Clerk	1.00	48,880	32,038	80,918
License Permit Techniciar	4.00	293,058	201,979	495,037
Human Resource Director	1.00	139,809	108,811	248,620
Human Resources Assistat	1.00	68,908	38,005	106,913
Human Resources Special	1.00	84,594	48,859	133,453
Total	18.00	1,511,084	1,067,899	2,578,984

Planning & Community Development

Director of CDBG & Plann	1.00	142,422	91,888	234,310
Sr. Planner	1.00	102,339	76,290	178,629
Planning Associate	1.00	96,622	65,944	162,566
Planning Clerk	1.00	61,174	44,604	105,778
Code Enforcement Officer	3.00	296,682	209,074	505,755
Code Enforcement Officer	1.00	57,787	39,996	97,783
CDBG/Home Coordinator	1.00	86,021	60,322	146,343
Total	9.00	843,047	588,117	1,431,164

Building & Safety

Director of Building & Saf	1.00	180,954	146,413	327,367
Building Permit Technicia	1.00	58,369	43,178	101,547
Plan Check Specialist	1.00	80,320	60,566	140,885
Senior Building Inspector	2.00	183,591	126,259	309,851
Building Inspector	1.00	78,301	49,052	127,353
Total	6.00	581,534	425,468	1,007,002

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
Public Safety				
<i>Police</i>				
Chief of Police	1.00	261,317	277,844	539,160
Police Captain	2.00	420,834	487,125	907,960
Police Lieutenant	9.00	1,524,916	1,633,507	3,158,423
Police Sergeant	14.00	1,764,157	1,990,959	3,755,116
Police Officer	69.00	6,183,559	7,671,868	13,855,427
Exec Asst to Chief of Police	1.00	98,596	73,255	171,851
Payroll Assistant	1.00	73,171	58,898	132,068
Comm. Affairs K9 Specialist	1.00	74,371	55,595	129,966
Police Service Officer	11.00	821,678	624,348	1,446,026
Jailer I	6.00	303,234	221,583	524,817
Jailer II	1.00	77,225	60,839	138,065
Info Tech Serv Sys/Net Manager	1.00	116,554	84,015	200,569
Information Systems Analyst	2.00	174,496	138,939	313,434
Information Systems Specialist	1.00	86,853	62,719	149,572
Info Systems Support Technician	2.00	145,953	106,975	252,928
Sr. Forensics Specialist	1.00	95,887	64,389	160,277
Forensics Specialist	1.00	69,761	44,262	114,022
Traffic Specialist	1.00	75,692	47,316	123,008
Traffic Clerk	1.00	57,189	32,587	89,776
Administrative Assistant	1.00	74,371	54,379	128,750
Police Admin. Technician	2.00	123,065	88,855	211,919
Crime Analyst	1.00	80,432	58,787	139,219
Police Records Manager	1.00	97,271	68,162	165,433
Police Records Supervisor	2.00	150,990	116,475	267,465
Police Records Clerk	9.00	544,402	387,863	932,264
Parking Enf. Officer II	6.00	297,261	154,070	451,331
Animal Control Officer	2.00	149,696	111,459	261,154
Total	150.00	13,942,930	14,777,072	28,720,001

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
---------------------	--------	--------------------	---------------------	-----------------------

Public Works

Public Works

Chief of Gen. Services & F	1.00	218,931	174,420	393,350
Senior Engineer	2.00	229,212	177,057	406,269
Sr. Transportation Engine	1.00	129,447	95,188	224,635
Sr. Public Works Inspecto	1.00	98,315	72,827	171,142
Associate Engineer	1.00	90,372	69,338	159,711
Senior Admin. Analyst	1.00	93,590	69,209	162,799
Administrative Aide II	1.00	66,492	49,274	115,766
Administrative Aide I	1.00	48,105	36,499	84,604
Bldg Maint. Crew Leader	1.00	81,772	73,412	155,184
City Maintenance Worker	1.00	58,665	50,269	108,934
NPDES Maintenance Work	3.00	129,374	101,066	230,441
Custodian	2.00	104,766	94,144	198,910
Graffiti Worker	4.00	243,165	207,973	451,138
Total	20.00	1,592,208	1,270,678	2,862,885

GasTax

NPDES Maintenance Work	1.00	43,346	30,134	73,480
City Maintenance Worker	2.00	125,861	105,686	231,546
Total	3.00	169,207	135,820	305,026

Street

Street Maintenance Super	1.00	89,966	80,177	170,143
City Maintenance Worker	3.00	163,218	129,008	292,226
Associate Engineer	1.00	90,372	69,338	159,711
Administrative Aide I	1.00	50,554	33,075	83,628
Total	6.00	394,110	311,598	705,708

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
---------------------	--------	--------------------	---------------------	-----------------------

Recreation & Community Services

Recreation & Community Services

Director of Rec & Comm S	1.00	120,424	89,648	210,073
Rec. Supervisor	1.00	90,765	69,368	160,132
Asst. Rec. Supervisor	1.00	80,691	55,739	136,430
Clert Typist	1.00	38,255	31,588	69,843
Recreation Specialist	1.00	47,128	38,708	85,836
Supervisor - Park Mainten	1.00	100,319	88,427	188,746
Crew Leader	1.00	82,694	68,313	151,008
Skilled City Maint. Worker	3.00	218,576	184,928	403,504
City Maintenance Worker	3.00	206,944	174,117	381,062
Total	13.00	985,795	800,838	1,786,633

Community Development

Housing

Director of Housing	1.00	161,672	131,128	292,799
Housing Inspector	1.00	83,909	68,599	152,509
Housing Assistant	2.00	118,051	82,236	200,287
Administrative Clerk I	1.00	44,875	26,424	71,298
Housing Clerk Typist	1.00	39,652	27,821	67,474
Clerk Typist	1.00	43,177	33,112	76,289
Maintenance Worker I	1.00	45,459	40,219	85,678
Total	8.00	536,794	409,540	946,334

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
Enterprise Operations				
<i>Airport</i>				
Airport Office Administrator	1.00	98,145	70,888	169,033
Crew Leader	1.00	81,515	72,576	154,090
City Maintenance Worker	1.00	54,603	46,736	101,339
Total	3.00	234,263	190,200	424,462
<i>Sewer</i>				
Sewer Service Technician	2.00	152,112	122,001	274,113
Crew Leader Pavement Repair	1.00	86,099	69,769	155,868
Skilled City Maint. Worker	1.00	53,294	45,419	98,712
Total	4.00	291,505	237,189	528,694
Internal Service Operations				
<i>Insurance Reserve</i>				
Assistant City Attorney	1.00	142,617	107,216	249,833
Legal Clerk	1.00	66,379	40,081	106,460
Total	2.00	208,996	147,297	356,293
<i>Equipment Maintenance</i>				
Master Mechanic	1.00	100,008	77,794	177,802
Equipment Mechanic III	1.00	74,214	63,771	137,985
Equipment Mechanic I	1.00	59,705	43,379	103,084
Equipment Mechanic	1.00	57,413	44,590	102,002
Total	4.00	291,339	229,534	520,873
GRAND TOTAL	<u>265</u>	22,705,450	21,333,970	43,803,198